

# Economic Impact of Louisiana's Energy Sector



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# Executive Summary

This study analyzes the economic impact of a cluster of economic activities including oil and gas extraction and the transportation and manufacturing activities that have developed out of those resources, which are collectively referred to as the energy sector. Using a wide array of publicly available data and a unique survey of members of the Louisiana Mid-Continent Oil and Gas Association (LMOGA), this study describes the energy sector against a backdrop of recent trends. Those direct activities make up a substantial portion of the economy at the statewide level and within each of the four regions studied. While the particular concentration of upstream, midstream and downstream activities varies across the state, it is clear that the energy sector makes a substantial contribution to economy for the state and each of those regions.

## Summary of statewide findings:

- ▶ **Total employment supported by the energy sector is 306,750** including direct jobs and those with indirect or induced links to direct energy jobs. Compared to BEA employment, which includes self-employed workers and small businesses, that is about 15% of the state economy.
- ▶ **Total earnings contributed to the state economy due to the energy sector (including direct, indirect and induced effects) is \$25.5 billion**, or about 19% of total earnings statewide.
- ▶ **Total value added (including direct, indirect and induced) is \$77.7 billion**, which is 25% of state GDP.

## Summary of regional findings:

- ▶ **River Corridor:** Total employment supported by the energy sector is 134,654 jobs with \$11.4 billion in earnings and \$39.1 billion in value added.
- ▶ **Bayou Region:** Total employment supported by the energy sector is 62,485 jobs with \$4.7 billion in earnings and \$9.7 billion in value added.
- ▶ **Southwest:** Total employment supported by the energy sector is 26,620 jobs with \$2.3 billion in earnings and \$8.9 billion in value added.
- ▶ **Northwest:** Total employment supported by the energy sector is 27,236 jobs with \$2.1 billion in earnings and \$9.9 billion in value added.

## Summary of tax impacts:

**State taxes:** total tax impact of \$3.48 billion, or 20.4% of total taxes, licenses and fees in state fiscal year 2024.

**Local taxes:** Total local sales taxes tied to the energy sector is estimated to be \$653.6 million annually. Specific estimates by region are as follows:

- ▶ River Region: \$343.1 million (11.8% of local sales tax)
- ▶ Bayou Region: \$145.2 million (16.2% of local sales tax)
- ▶ Southwest: \$80.1 million (19.4% of local sales tax)
- ▶ Northwest: \$85.3 million (11.0% of local sales tax)

Total local property taxes supported by the energy sector is more than \$1.1 billion annually. Specific estimates by region are as follows:

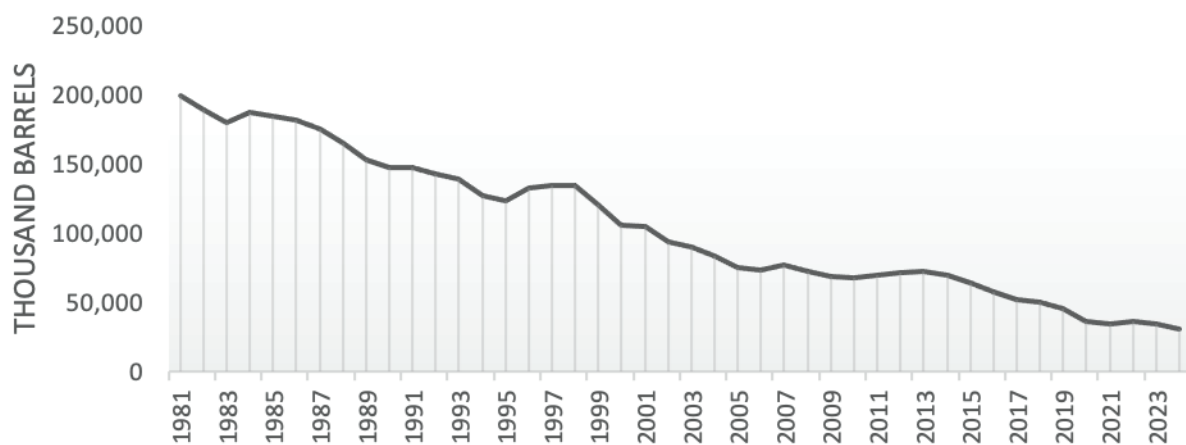
- ▶ River Region: \$622.9 million (17.0% of local property tax)
- ▶ Bayou Region: \$119.0 million (15.0% of local property tax)
- ▶ Southwest: \$172.2 million (31.3% of local property tax)
- ▶ Northwest: \$229.0 million (26.9% of local property tax)

## Background

Louisiana has a long history as a leader in energy with more than 100 years of economic development that has grown up around oil and gas production. Over that time span, Louisiana has not only seen economic benefits from the production of oil and gas resources, but that steady supply of oil and gas led companies to build a large and growing industrial ecosystem tied to those resources. Within this cluster of activity, some companies add value to crude oil through refining and petrochemical manufacturing and some leverage the abundant supply of natural gas to feed other chemical manufacturing, fuel a range of other manufacturing, and provide a critical source of power for energy-intensive economic activities outside of manufacturing. Considering the rich and highly interconnected economic environment that has grown up around Louisiana's oil and gas sector, it is clear that the modern energy sector will continue to play a vital role in sustaining a major portion of the Louisiana economy. In addition, emerging technologies and an evolving global economic landscape will create new opportunities for growth fueled by the energy sector. Capitalizing on those opportunities to meet domestic and international demand will position the state to be a leader in the global energy transition with economic opportunity for generations to come.

Trends in Louisiana-based oil and gas production have varied considerably over time. In the earliest days of the industry, companies pursued the most readily available resource, which was land-based production of crude oil. Over time, technological advances allowed companies to pursue deeper reservoirs and move to areas further and further offshore. This sector has now matured to a point where on shore oil production has shown a pattern of general decline over the past 40 years, which is shown in Figure 1 below.

**Figure 1: Trends in Louisiana oil production**

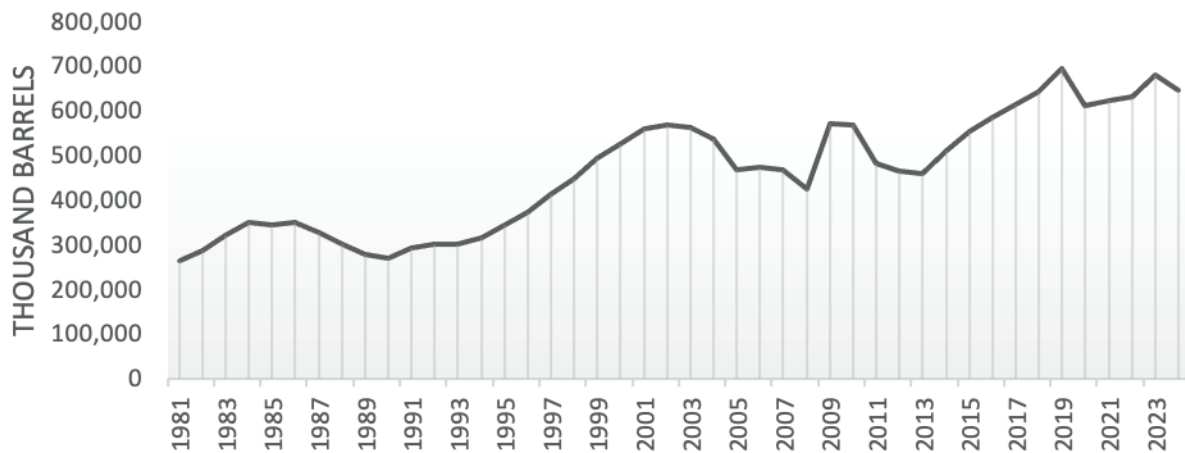


Source: Energy Information Administration

On the other hand, this shift toward offshore resources and ever deeper water has led to increases in offshore oil production in the Gulf, as shown in Figure 2 below. While the data in Figure 2 represent all offshore production in the Gulf of America, Louisiana serves as the land base for the vast majority of that activity. The pattern of growth has been uneven due in part to the high cost of developing deepwater leases and fluctuations in price over time. A wave of significant growth in the 1990s corresponded to a period of relatively stable prices during which companies were able to develop more advanced technology for deepwater exploration and production. However, falling prices during the recession of the early 2000s led to a period of decline for the industry. The period 2002 to 2008 saw a rapid increase in oil prices coming out of that recession, which led to a resurgence of interest and new development in the Gulf until another price crash that started in the middle of 2008. From that point forward, growth has continued aside from a drop due to disruptions and price volatility related to the COVID-19 pandemic and a

modest dip in 2024 likely tied to regulatory changes that have interrupted the historical cadence of lease sales and development of new areas.

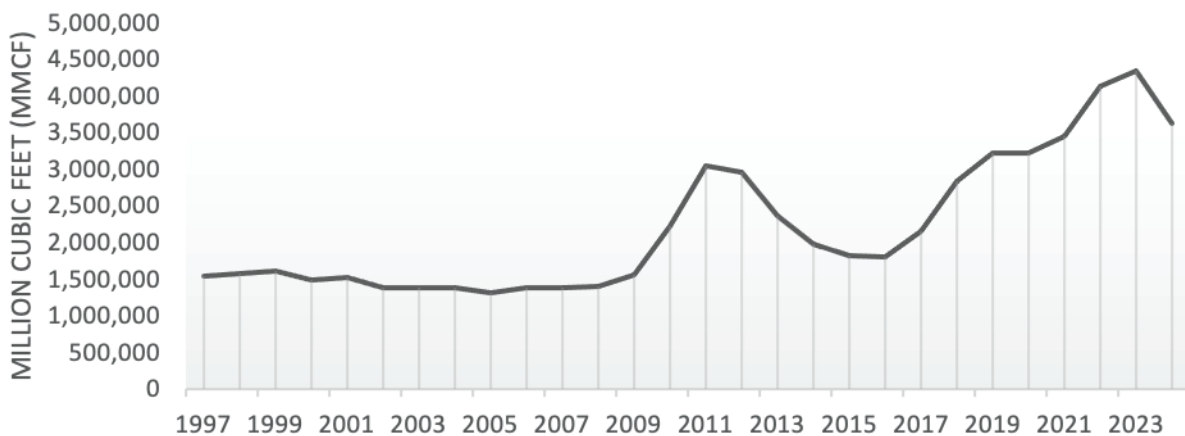
**Figure 2: Trends in offshore oil production**



Source: Energy Information Administration

Trends for natural gas production differ in several notable ways from crude oil production. During some periods of history, natural gas was seen as a secondary resource, sometimes captured alongside crude oil, but sometimes excess natural gas was even vented because of the targeted pursuit of oil and its relative value. Advances in horizontal drilling and hydraulic fracturing (i.e. fracking) changed the market in fundamental ways opening up massive shale resources in the northwestern part of the state. This combined with a period of high natural gas prices led to a renaissance in drilling for natural gas starting in the early 2000s, which is apparent in the production trends shown in Figure 3. Those investments paid off with a boom in natural gas production between 2009 and 2012. A slowdown in prices led to a period of decline, but the large supply of natural gas combined with low prices has supported a wave of investment in LNG exports and new industrial uses that have supported a period of rapid growth in production from 2016 to present with the exception of a drop in 2024 as prices dropped, but that is likely to be only temporary given the outlook for industrial demand and LNG exports.

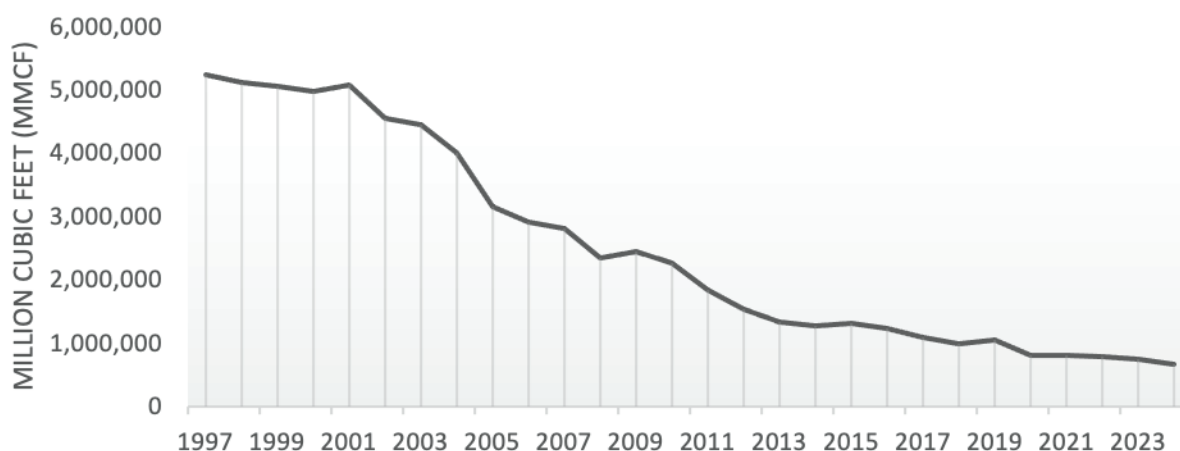
**Figure 3: Trends in Louisiana natural gas production**



Source: Energy Information Administration

As was the case when comparing trends between oil and natural gas in the context of onshore production in Louisiana, the trends for oil and natural gas also tell very different stories when looking at offshore production. Figure 4 illustrates trends over the past 25 years in offshore natural gas production in the Gulf of America. As noted in the discussion of oil production, these figures represent gulf-wide production, but the vast majority of onshore support is based out of Louisiana and an important part of the Louisiana energy sector. In the early years, a great deal of activity in the Gulf was concentrated near shore in areas rich in natural gas. However, as those resources are becoming depleted, new offshore exploration has focused on developing oil resources and production of natural gas has declined..

**Figure 4: Trends in offshore natural gas production**

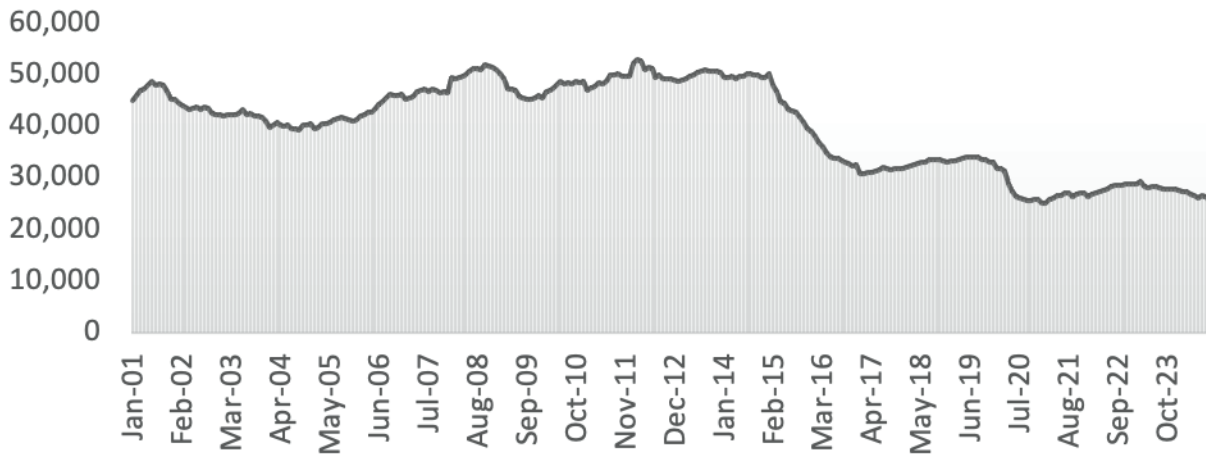


Source: Energy Information Administration

As the makeup and location of oil and gas production has changed, so too has the way in which those activities have impacted the Louisiana economy. The most direct economic impact is employment in exploration and production, which is shown in Figure 5 below. As production of oil and natural gas have ramped up and down over time, so too has employment. However, the long run trend has been one of decreases as early basins matured and technological advances made it possible to extract increasing amounts of oil in deepwater areas and natural gas from shale without the same need for workers as had been true historically.

This employment series is only available starting in 2001 and cannot be compared to the full histories shown for oil or natural gas production, but some of the same ups and downs can be seen during this time period as were noted in the previous discussion. In particular, slowdowns in the early 2000s in offshore oil and gas production combined with the long run trend of declines in onshore oil production led to decreases in employment as well. Employment recovered approaching 50,000 jobs and remaining relatively stable until 2015 aside from a dip in 2008 in line with the Great Recession and the oil price crash that year. However, starting in 2015, we have seen employment fall in two major phases, once following a drop in oil prices that started in mid 2014 and again as oil prices fell at the start of 2020, which was exacerbated by the global pandemic that hit only months later. While oil prices had recovered by 2022, employment has not. This is in part due to regulatory changes that stalled new offshore development and the changing federal policy landscape may support new growth in oil and gas employment in the coming years.

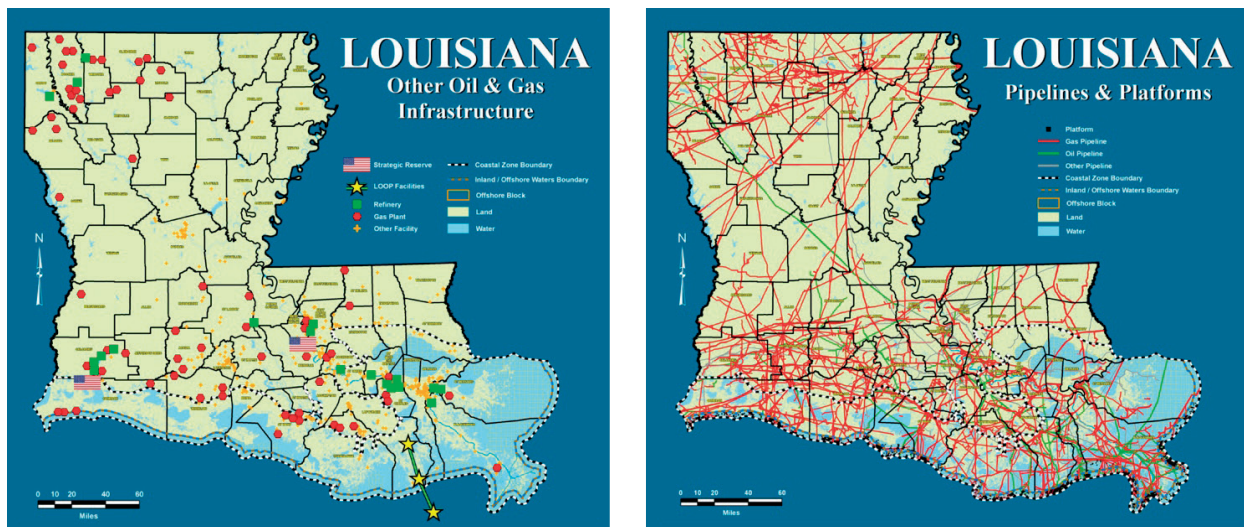
**Figure 5: Trends in Louisiana oil and gas employment**



Source: Quarterly Census of Employment and Wages, US Bureau of Labor Statistics

Beyond direct employment in oil and gas, the state's long history as a producer of oil and natural gas has encouraged companies to build refineries and chemical plants that turn those raw materials into a wide range of intermediate commodities and final products (see Figure 6, panel A). As the oil and gas industry has moved to new basins and associated manufacturing has been developed, Louisiana has also grown a robust pipeline network (see Figure 6, panel B).

**Figure 6: Energy infrastructure in Louisiana**

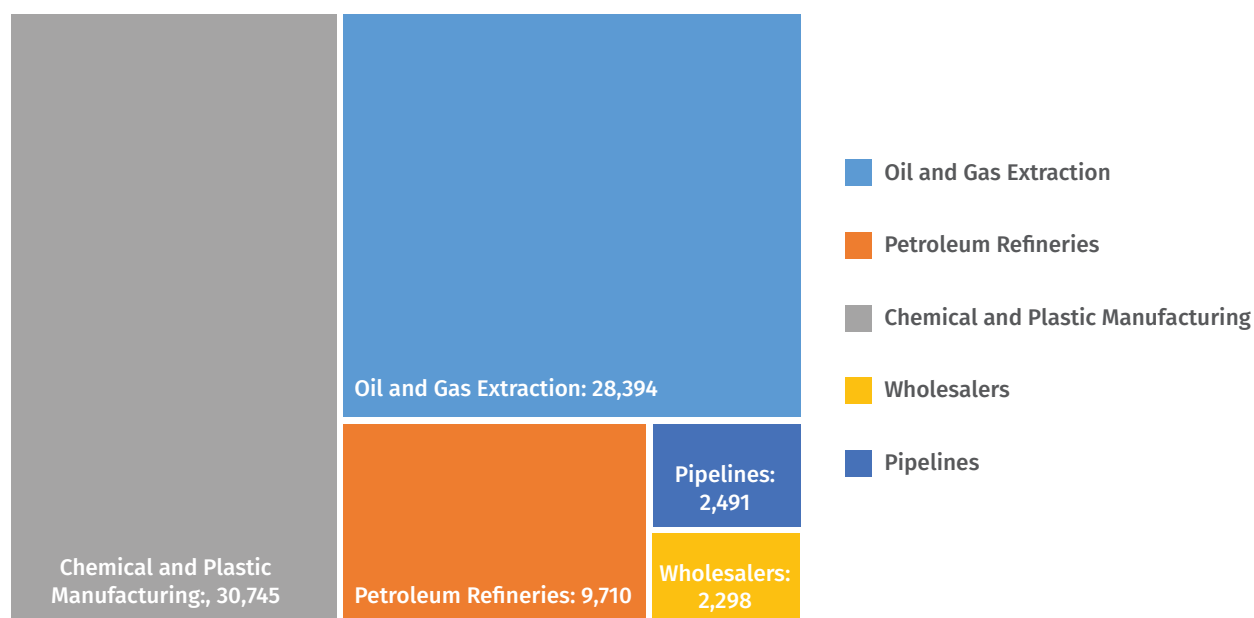


Source: Louisiana Department of Energy and Natural Resources

This cluster of economic activities including oil and gas extraction and the transportation and manufacturing activities that have developed out of those resources are collectively referred to as the energy sector and are the focus of this study. The long history in Louisiana mean that these industries are fairly mature, though there is also new growth opportunity on the horizon. To illustrate the role of each of these industries within the broader energy

sector, Figure 7 shows the contribution of each to direct jobs in the state economy using 2023 as the benchmark year (the most recent year for which a full year of data are available). In total, the energy sector as defined here directly employs 73,638 workers in Louisiana. The direct jobs in oil and gas production make up just over 28,000 jobs, or 39 percent of the total.<sup>1</sup> Refining directly employs more than 10,000 workers, or 13 percent of the total.<sup>2</sup> Other value added manufacturing identified as part of the energy sector include several types of chemical manufacturing and plastic manufacturing given that product lines in these industries are generally driven by byproducts of refining or directly use natural gas as a feedstock.<sup>3</sup> These other value added manufacturing industries represent 30,745 workers, or 42 percent of the energy sector. Finally, a specific industry within the wholesale sector, petroleum and petroleum products merchant wholesalers, was included as was pipeline transportation. Each of these last two industries makes up approximately 3 percent of the energy sector.

**Figure 7: Makeup of the Energy Sector by Jobs**



Source: Quarterly Census of Employment and Wages, US Bureau of Labor Statistics

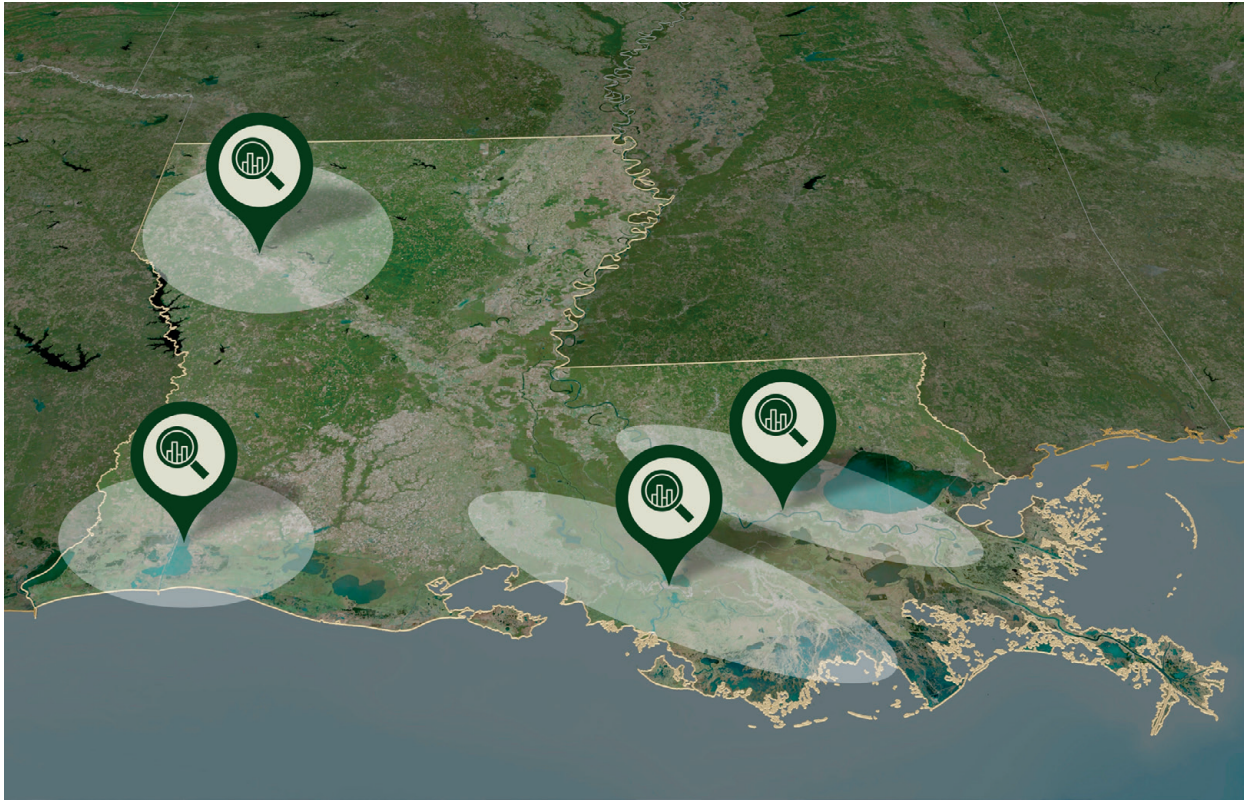
In addition to providing a baseline understanding of the energy sector for Louisiana as a whole, the distribution of different energy sector activities within the state leads to distinctive economic impacts in each area. To provide more regional context, the state is grouped into five regions as shown in Figure 8 with four of those regions capturing the major activities of the energy sector. To facilitate discussion, those regions are called the River Corridor (encompassing the New Orleans and Baton Rouge Regional Labor Market Areas, or RLMAs), the Bayou Region (encompassing the Lafayette and Houma RLMAs), Northwest (encompassing the Shreveport RLMA), Southwest (encompassing the Lake Charles RLMA), and the balance of state, which is not included in regional analyses.

<sup>1</sup> Oil and gas production includes oil and gas extraction (NAICS code 211) and support activities for mining (NAICS code 213).

<sup>2</sup> Refining includes petroleum refineries (NAICS code 32411) and other petroleum and coal products manufacturing (NAICS code 32419).

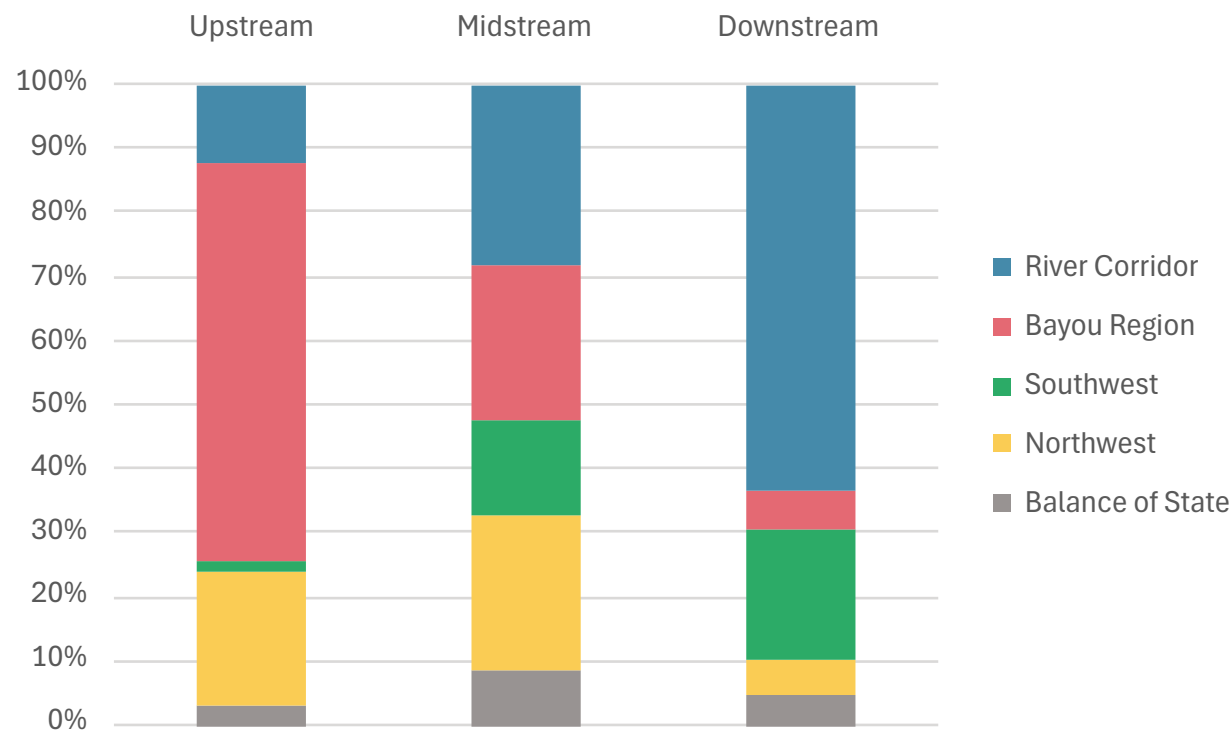
<sup>3</sup> Specific manufacturing industries other than refining that were identified for inclusion in the study are basic chemicals (NAICS code 3251); resin, synthetic rubber, and artificial and synthetic fibers and filaments manufacturing (NAICS code 3252); pesticide, fertilizer, and other agricultural chemical manufacturing (NAICS code 3253); all other miscellaneous chemical product and preparation manufacturing (NAICS code 325998); and plastics and rubber products manufacturing (NAICS codes 326).

**Figure 8: Regions used for Studying Economic Impacts Throughout the State**



The makeup of the energy sector in each of these study regions differs in notable ways. To illustrate those trends, Figure 8 shows the distribution of employment across the state for different market segments within the broader energy sector (upstream includes oil and gas extraction; midstream includes pipelines and wholesalers; while downstream includes all value added refining, processing and manufacturing). Upstream activities are concentrated most heavily in the Bayou Region where offshore oil and gas support activities are concentrated, but also have a large presence in the Northwest thanks to activity in the Haynesville Shale. Midstream activities are spread more evenly across the state while downstream activities are concentrated most heavily in the River Corridor and Southwest regions.

**Figure 9: Regional Distribution of Energy Sector by Market Segment**



Source: Quarterly Census of Employment and Wages, US Bureau of Labor Statistics and Short-term Employment Projection by Industry, Louisiana Workforce Commission

These inputs characterize direct economic activities in the energy sector and serve as the basis of this economic impact study. The remaining portions of the report will summarize the economic impact methodology and results at the state and regional level to measure the total economic impact of the energy sector including direct, indirect and induced economic effects. Finally, the report summarizes the state and local tax revenue associated with these activities.

# Methodology

This study uses a combination of publicly available data and a survey of members of the Louisiana Mid-Continent Oil and Gas Association (LMOGA) to capture information about employment, wages, revenue and capital investments to ensure that the economic impact model accurately captures the full scope of the industry's impact. Key public data on employment provides a complete picture only through 2023 so that year serves as the benchmark year for this economic impact assessment. In addition to the statewide analysis, four regional analyses will also be included to highlight how the oil and gas sector impacts different areas of the state.

For the statewide and regional analyses, the study relies on economic impact multipliers from the Regional Input-Output Modeling System (RIMS II), which is developed and maintained by the U.S. Bureau of Economic Analysis. These multipliers will be used to model the economic impact of capital expenditures and operations covered by the study. RIMS II multipliers are widely used and provide a convenient, yet customizable tool for assessing direct and indirect (including induced) impacts.

Economic impact assessments capture the broader set of economic activities generated by an initial infusion of new dollars into the economy. When new economic activity occurs, businesses will purchase additional inputs and workers will have additional dollars for purchasing goods and services. The total economic effect accounts for indirect spending by businesses and induced spending by workers benefiting from additional dollars being introduced into a region's economy. Economic impact analysis provides the tools to quantify the full economic impact including these broader effects within a regional economy using jobs, earnings, and output multipliers.

Economic impact assessments are based on the inter-industry linkages across the economy and commonly utilize the input-output method developed by Wassily Leontief, for which he was awarded the Nobel Prize in Economics. While input-output models have advanced considerably over the time since Leontief's award, the same fundamental principles apply. The methodology relies on the assumption of linear relationships (and technology) to capture commodity flows from producers to intermediate and final consumers.

The model is attractive because it allows economists to quantify the spillovers from additional activity in one sector. For instance, an expansion in one industry leads to greater income for workers in other industries. These groups in turn spend more in the economy, creating another round of activity. Input-Output analysis provides a method of estimating the sum total of these ripples through the economy. Miller and Blair (2009) provide a full overview of input-output analysis. In a sector-wide analysis such as this seeking to capture the impacts of several closely-related industries, care must be taken to avoid double counting. To address this issue, impacts are developed iteratively beginning with upstream activities and then moving to midstream and downstream. At each stage, indirect impacts are evaluated to determine how effectively the economic model has captured portions of other industries within the broader energy sector and subsequent steps are adjusted to avoid duplication.

In addition to outputs from the economic analysis, state and local tax and economic data are reviewed in order to determine the state and local tax revenue associated with these activities. Historical data identify the link between economic activity within the state and each region and the level of tax revenue by tax type. Those relationships are then used to estimate the state and local taxes associated with the total economic impact including direct, indirect and induced economic effects.

# Results

Results are presented for several common metrics that help measure the flow of economic activity. Specifically, the study evaluates employment, earnings, and value added (i.e. GDP) generated by the direct activities within the energy sector in the state and each region as well as the associated tax revenues at the state and local level. In addition, these results are broken out by industry to illustrate how the economic ripples that flow through the regional economy benefit other types of businesses. The major economic and tax measures are defined as follows:

- ▶ Total employment – Number of expected jobs created or supported by expenditures in the broader economy; estimated jobs or person-years of employment generated by operations or construction; Indirect employment (relates to the suppliers' workforce); induced employment (e.g. retail/other jobs supported by household expenditures)
- ▶ Labor income – Amount of expected income earned by workers as a result of operations and construction.
- ▶ Gross Domestic Product (GDP) – Total value of goods and services; value-added or additional value of a good or service; incremental value created through labor or mechanical processing
- ▶ Government tax revenues – Amount of expected state and local tax revenues; local tax revenues are limited to sales and property taxes.

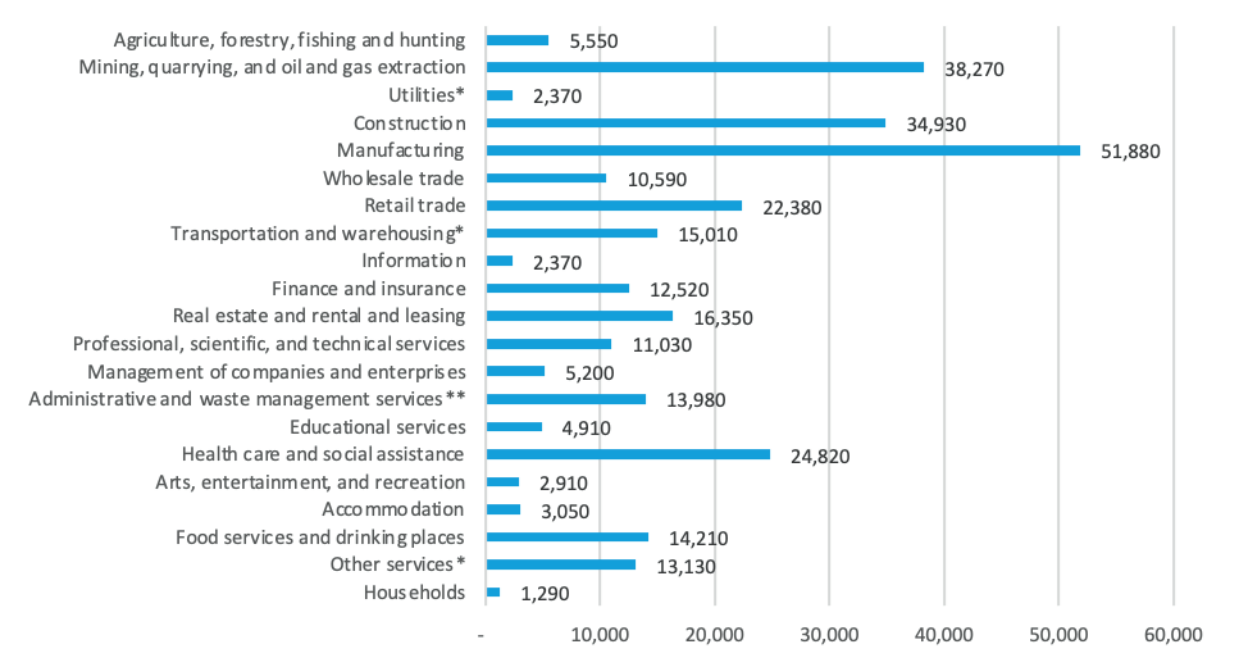
## Statewide Economic Impact Results

The initial set of analysis focuses on the state as a whole and uses the direct economic activities identified above as a basis for the analysis. The statewide regional economic model provides a more comprehensive understanding of the total impact of this sector on the state's economy including indirect and induced economic effects. As noted previously, great care was taken to avoid double counting given the inclusion of several connected and related industries within the scope of this study. In total, the results of this analysis show total employment supported by the energy sector is 306,750 including direct jobs and those with indirect or induced links to direct energy jobs. Compared to BEA employment, which includes self-employed workers and small businesses, that is about 15% of the state economy. Another lens through which to view that activity is based on the earnings associated with those jobs. Total earnings contributed to the state economy due to the energy sector (including direct, indirect and induced effects) is \$25.5 billion, or about 19% of total earnings statewide. Finally, we evaluate the total value added associated with the energy sector (including direct, indirect and induced) and find that the sector supports a total of \$77.7 billion in state value added, which is 25% of Louisiana GDP.



A more detailed picture of employment impacts is provided in Figure 10 to show how those jobs are distributed across different sectors of the economy. As expected, the core industries that make up the energy sector are the largest contributors to employment. The top two industries are manufacturing and mining, quarrying, and oil and gas extraction, which include core components of the energy sector. However, beyond those most immediate impacts, it is clear that the sector’s contribution to the economy generates substantial indirect and induced effects throughout the economy. Health care and social assistance has nearly 25,000 jobs tied to induced spending associated with the energy sector. Similarly, retail trade has more than 22,000 jobs tied to the sector. In total, the energy sector directly employs 73,638 workers while generating more than 230,000 indirect and induced jobs throughout the economy.

**Figure 10: Total Economic Impact measured by Jobs, shown by Industry Group**

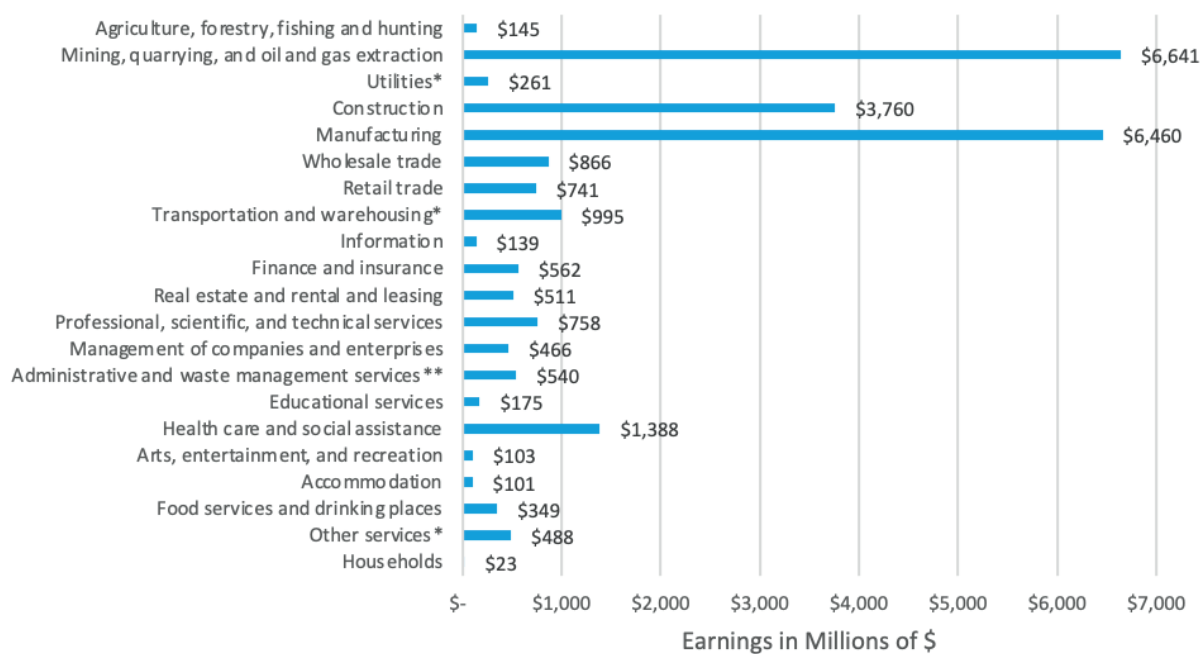


Notes: \*includes government enterprises. \*\*includes Administrative and Support Services as well as Waste Management and Remediation Services.

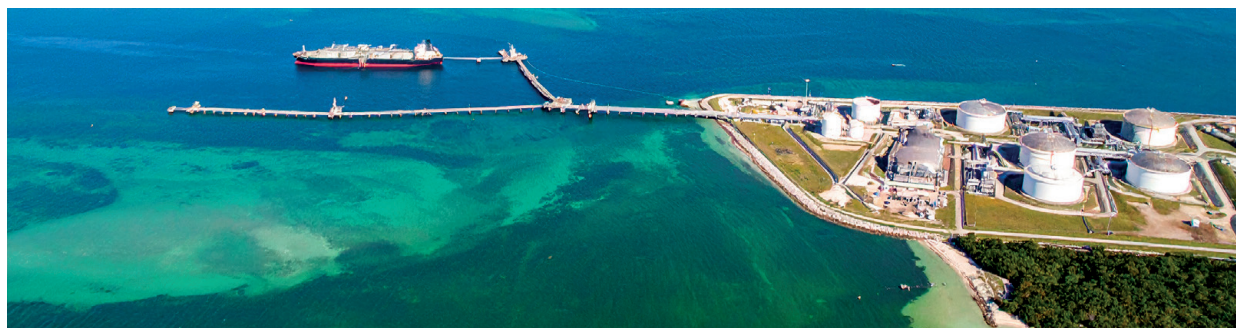


Next, Figure 11 illustrates how the earnings associated with these jobs is distributed across industries. While the broad patterns are similar in some ways, there are several notable differences. The highest contributors to earnings are even more concentrated in manufacturing and mining, quarrying, and oil and gas extraction due to the high rates of pay in these sectors. Similarly, construction stands out as not only a sector with many direct jobs working daily in the maintenance and operation of manufacturing facilities, but also with a sizable indirect effect supporting larger turnaround and new expansion projects. Those are also highly paid jobs and represent the third largest industry in terms of earnings. Health care remains one of the top industries in terms of earnings, though the total impact is further behind leading sectors when measured in earnings rather than jobs. Several other top sectors in terms of jobs such as retail trade and food services and drinking places rank much lower in terms of earnings due to the low average pay in those industries. However, the value of relatively high skill and high pay services such as transportation and warehousing and professional, scientific, and technical services is more pronounced in terms of earnings.

**Figure 11: Total Economic Impact measured by Earnings, shown by Industry Group**

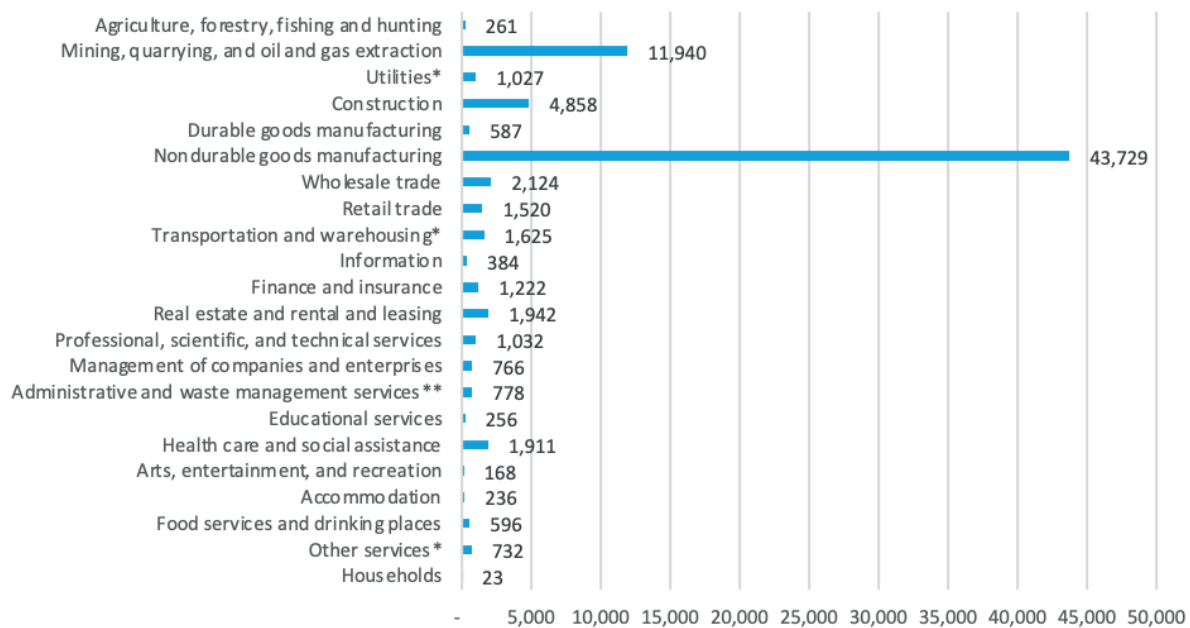


Notes: \*includes government enterprises. \*\*includes Administrative and Support Services as well as Waste Management and Remediation Services.



Finally, Figure 12 illustrates how the statewide economic impacts in terms of value added are distributed across industries. By far, the largest contributor is manufacturing, which makes up more than half of the value added contributed to the state economy from the energy sector. Beyond manufacturing, mining, quarrying, and oil and gas extraction and construction round out the top three as with jobs and earnings. Value added by other industries is much more evenly distributed though larger impacts are seen in several industries with higher concentrations of jobs and earnings including health care and social assistance, transportation and warehousing, and retail trade. Two other stand out industries in terms of value added where economic impacts of the energy sector are concentrated are wholesale trade, which includes petroleum and petroleum products merchant wholesalers, and real estate and rental and leasing, which includes a range of companies who rent or lease large or specialized equipment to support oil and gas extraction as well as construction and maintenance of industrial facilities including manufacturing and LNG liquefaction facilities and the associated marine infrastructure.

**Figure 12: Total Economic Impact measured by Value Added, shown by Industry Group**



Notes: \*includes government enterprises. \*\*includes Administrative and Support Services as well as Waste Management and Remediation Services.

## Regional Economic Impact Results

In addition to understanding the role of the energy sector in the state economy as a whole, it is useful to understand how these activities impact different parts of the state. Given that unique parts of the energy sector are more heavily concentrated in different parts of the state, the analysis of regional impacts helps to illustrate how different types of activities within the broader energy sector connect with the local economy and communities throughout the state. As shown in the Background section, the River Corridor is home to the largest concentration of manufacturing, which has the highest number of jobs and by far the largest value added within the energy sector. That concentration of direct economic activity gives the River Corridor the largest regional impacts including nearly 135,000 jobs, \$11.4 billion in earnings and \$39.2 billion in value added. The Bayou Region has the second largest

impacts in terms of jobs and earnings driven by the high concentration of direct upstream activities within the region. The Bayou Region benefits from over 62,000 jobs, \$4.8 billion in earnings and \$9.7 billion in value added supported by the energy sector. The overall size of impacts is similar between Southwest and Northwest regions despite a very different mix of activities in those areas. As shown in the Background section, the Southwest region has a large concentration of downstream activities (second only to the River Corridor) while the Northwest region has a large concentration of upstream activities (second only to the Bayou Region). In both regions, total impacts including direct, indirect and induced economic effects are roughly 27,000 jobs, over \$2 billion in earnings and roughly \$9 billion in value added supported by the energy sector.

**Table 1: Regional Economic Impacts**

	<b>River Corridor</b>	<b>Bayou Region</b>	<b>Southwest</b>	<b>Northwest</b>
<b>Employment</b>	<b>134,654</b>	<b>62,485</b>	<b>26,620</b>	<b>27,236</b>
<b>Earnings (millions)</b>	<b>\$11,386.3</b>	<b>\$4,736.4</b>	<b>\$2,334.9</b>	<b>\$2,113.8</b>
<b>Value Added (millions)</b>	<b>\$39,170.9</b>	<b>\$9,656.3</b>	<b>\$8,910.3</b>	<b>\$9,878.7</b>

## Tax Impacts

Finally, the total economic impacts at the state and regional level are used to estimate the tax revenue supported by the energy sector. At the statewide level, this is calculated in several steps. First, a set of taxes that are unique to oil and gas are identified and captured as part of the state tax impacts of the energy sector. Those specific taxes are summarized in Table 2 including tax revenue from state fiscal years 2023 and 2024. General categories of tax such as sales tax that are paid by individuals and businesses are analyzed as a group based on the overall economic impact of the energy sector including direct, indirect and induced economic effects. Tax categories paid largely by individuals such as individual income taxes are benchmarked to the earnings supported by the energy sector relative to the state economy as a whole. Taken together, the general taxes shared between businesses and individuals, or paid largely by individuals are estimated to be \$2.0 billion annually. Finally, corporate income taxes, which are paid exclusively by businesses are estimated based on the percentage of gross operating surplus from energy sector industries within the economy as a whole using national data, but benchmarked to several state-level data sources including value added economic impacts and several data points available in the tax exemption budget that provide insight into the corporate taxes paid by energy sector companies, though direct data from the tax exemption budget is far from complete. Using this approach, corporate income tax tied to the energy sector is estimated to have contributed \$496.3 million in state fiscal year 2023 and \$502.1 million in state fiscal year 2024. Aligning these figures to the most recent tax year suggests a total tax impact of \$3.48 billion, or 20.4% of total taxes, licenses and fees in state fiscal year 2024.

**Table 2: Energy-specific State Tax Revenue**

	2023	2024
Natural Gas Franchise	\$0.1	\$0.2
Severance Tax*	\$883.6	\$828.4
Royalties**	\$225.2	\$132.3
Rentals	\$2.3	\$3.2
Bonuses	\$10.5	\$9.7
Mineral Interest	\$2.7	\$0.4
<b>Total</b>	<b>\$1,620.7</b>	<b>\$1,476.3</b>

Notes: \* 20% shared with local government; \*\* 10% shared with local government

Local tax impacts are calculated from the regional economic impacts including direct, indirect and induced effects. Local governments rely primarily on sales and property tax as the two primary sources of revenue. Sales taxes are calculated using data from the Annual Survey of State and Local Government Finances conducted by the US Census Bureau. Including direct, indirect and induced economic effects, total local sales taxes tied to the energy sector is estimated to be \$653.6 million annually. Specific estimates by region are as follows:

- ▶ River Region: \$343.1 million (11.8% of local sales tax)
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- ▶ Southwest: \$80.1 million (19.4% of local sales tax)
- ▶ Northwest: \$85.3 million (11.0% of local sales tax)

Property taxes are calculated using data from the Louisiana Tax Commission and calculated in several steps using groups similar to what was done for state tax impacts. First, several distinct categories of property that are tied to the energy sector are identified and the associated assessed values used as a starting point for energy sector assessed value within each region. General property types that are held largely by individuals are grouped together and apportioned to the energy sector based on the earnings tied to energy sector activities within the state economy as a whole. These assessed values were net of homestead exemptions to provide a more accurate picture of actual taxes paid. Property types that are held largely by businesses are grouped together and apportioned to the energy sector based on the value added associated with the energy sector, with specific adjustments for property that is unique to manufacturing and for inventory with energy sector impacts adjusted based on a detailed review of the property tax rolls for large tax payers. Finally, ITEP exemptions were considered to ensure a more accurate picture of actual taxes paid. In total, this approach led to an estimate that the energy sector supports more than \$1.1 billion in property taxes annually. Specific estimates by region are as follows:

- ▶ River Region: \$622.9 million (17.0% of local property tax)
- ▶ Bayou Region: \$119.0 million (15.0% of local property tax)
- ▶ Southwest: \$172.2 million (31.3% of local property tax)
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## Summary

This study provides a thorough assessment of the economic impact of Louisiana's oil and gas sector including upstream, midstream and downstream activities. Using a wide array of publicly available data and a unique survey of LMOGA members, this study describes the energy sector against a backdrop of recent trends. Those direct activities make up a substantial portion of the economy at the statewide level and within each of the four regions studied. While the particular concentration of upstream, midstream and downstream activities varies across the state, it is clear that the energy sector makes a substantial contribution to economy for the state and each of those regions.

At the statewide level, total employment supported by the energy sector is 306,750 including direct jobs and those with indirect or induced links to direct energy jobs. Compared to BEA employment, which includes self-employed workers and small businesses, that is about 15% of the state economy. Total earnings contributed to the state economy due to the energy sector (including direct, indirect and induced effects) is \$25.5 billion, or about 19% of total earnings statewide. Total value added (including direct, indirect and induced) is \$77.7 billion, which is 25% of state GDP.

At the regional level, impacts vary in notable ways across different parts of the state. Within the River Corridor, total employment supported by the energy sector is 134,654 jobs with \$11.4 billion in earnings and \$39.1 billion in value added. Within the Bayou Region, total employment supported by the energy sector is 62,485 jobs with \$4.7 billion in earnings and \$9.7 billion in value added. The Southwest area is estimated to have a total of 26,620 jobs supported by the energy sector with \$2.3 billion in earnings and \$8.9 billion in value added. Finally, the Northwest area has an estimated 27,236 jobs supported by the energy sector with \$2.1 billion in earnings and \$9.9 billion in value added.

Finally, state and local tax impacts were examined with total state taxes supported by the energy sector estimated to be \$3.48 billion, or 20.4% of total taxes, licenses and fees in state fiscal year 2024. At the local level, sales and property taxes were examined. Total local sales taxes tied to the energy sector is estimated to be \$653.6 million annually and total local property taxes supported by the energy sector is more than \$1.1 billion annually.



