INSTITUTE FOR ENERGY RESEARCH

March 12, 2014

The Honorable Paul Ryan
Chairman, House Committee on the Budget
207 Cannon House Office Building
Washington D.C. 20515

Dear Chairman Ryan:

As you consider the budget priorities for FY2015, I urge you to renew your commitment to setting our country on a more fiscally responsible path by once again including the economic benefits of expanding energy development on federal lands. As you recall, your FY2014 budget cited a study commissioned by the Institute for Energy Research highlighting the enormous benefits of this commonsense approach.[1] Unfortunately, the President does not share this same sentiment. Today, thousands of jobs and trillions of dollars in economic activity are currently forgone due to the Obama Administration's energy priorities, which squander billions of dollars on expensive and unreliable energy sources like wind and solar and places a de facto embargo on the development of taxpayer-owned natural gas and oil resources. In his latest budget proposal, the President seems to have doubled down on this wrong-headed approach.

Despite the potential to raise as much as $80 billion annually, the Administration continues to push harmful energy policies that rob the federal treasury of much needed revenues. Your leadership is crucial to counter these policies and replace them with ones that unleash the benefits of energy production on federal lands.

The Institute for Energy Research is dedicated to educating the American public and legislators on the benefits of free energy markets. Currently, only 3 percent of federal lands are leased for energy production. Opening these lands and offshore areas to energy exploration and production will boost our economy and increase government revenues without raising new taxes.

By embracing the economic potential of our domestic energy resources, our study shows:

GDP growth:

- $127 billion annually for the next seven years.
- $450 billion annually in the next thirty years.
- $14.4 trillion cumulative increase in economic activity over the next thirty-seven years.

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Job growth:

- 552,000 jobs annually over the next seven years.
- Almost 2 million jobs annually over the next thirty years.

Wage increases:

- $32 billion increase in annual wages over the next seven years.
- $115 billion annually between seven and thirty years.
- $3.7 trillion cumulative increase over thirty-seven years.

Tax revenue increases:

- $2.7 trillion increase in federal tax revenues over thirty-seven years.
- $1.1 trillion in state and local tax revenues over thirty-seven years.
- $24 billion annual federal tax revenue over the next seven years, $86 billion annually thereafter.
- $10.3 billion annual state and local tax revenue over the next seven years, $35.5 billion annually thereafter.

Energy is a primary driver of economic growth that impacts all sectors of the economy. In fact, if we increase our leasing activity on federal lands, more than one-third of projected job gains in the first seven years will occur in professional fields like health care, real estate, finance, the arts, information and management. Another six percent of job gains will come from manufacturing.[2]

The federal government's land leasing policies are unnecessarily holding the country back. The Administration was quick to claim that the government shutdown last October would lead to delays in processing leasing permits.[3] However, a close look at the data shows that a 16-day shutdown is hardly the problem. Even prior to the shutdown, the average approval time for a permit to drill on federal land is 228 days compared to only 5 days when applying for a state land lease in Texas.[4] This "permatorium" has led to a 15 percent drop in oil and natural gas production on federal lands since 2010.[5] At the same time, natural gas and crude oil production on state and private lands have increased about 15 and 33 percent, respectively.[6] The federal government can learn a lot from states like Texas and North Dakota, who are striking the right balance towards ensuring the health, welfare, and economic well being of its citizens.

With the U.S. national debt exceeding $17.5 trillion dollars and workers wages continuing to fall, it is imperative that Congress pursue a more solvent fiscal trajectory that eliminates all failing or wasteful programs, like the Wind Production Tax Credit, and replace them with policies the increase revenues while at the same time reducing the financial burden on American households.

Increased energy production on taxpayer-owned lands will benefit all American families. We applaud your efforts to date and hope to reemphasize the major role that this policy can have in promoting the power of energy, not only as a fuel in our everyday lives, but also as a catalyst for economic growth, innovation, and sound fiscal principles. We respectfully ask that you, once again, highlight the total value of increased energy production on federal lands as an effective driver towards getting our fiscal house in order.

Thank you for your consideration.

Sincerely,

Thomas J. Pyle
President
Institute for Energy Research

Cc: Rep. Chris Van Hollen, Ranking Member
House Committee on the Budget

Members of the House Committee on the Budget:

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Rep. Scott Garrett
Rep. John Campbell
Rep. Ken Calvert
Rep. Tom Cole
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[1] Joseph Mason, *Beyond the Congressional Budget Office: The Additional Economic Effects of Immediately Opening Federal Lands to Oil and Gas Leasing*, Feb. 2013, http://www.instituteforenergyresearch.org/wp-

[2] *Id.*
[3] Executive Office of the President of the United States, *Impacts and Costs of the October 2013 Federal Government Shutdown*, Nov. 2013, at p. 9, http://www.whitehouse.gov/sites/default/files/omb/reports/impacts-and-costs-of-october-2013-federal-government-shutdown-report.pdf.
[4] Landon Steven, *The Impact the Government Shutdown had on the Energy Industry*, Institute for Energy Research, Nov. 21, 2013, http://www.instituteforenergyresearch.org/2013/11/21/the-impact-the-government-shutdown-had-on-the-energy-industry/.
[5] Institute for Energy Research, *Oil and Gas Production Declines on Federal Lands . . . Again*, Feb. 28, 2013, http://www.instituteforenergyresearch.org/2013/02/28/oil-and-gas-production-decline-on-federal-lands-again/.
[6] John Miller, *Obama's Peaking Oil & Gas Legacy*, The Energy Collective, Mar. 18, 2013, http://theenergycollective.com/jemillerep/200126/draft-obama-s-peaking-oil-gas-legacy.