



Priorities for Oklahoma

CURB UNNECESSARY TAX BREAKS

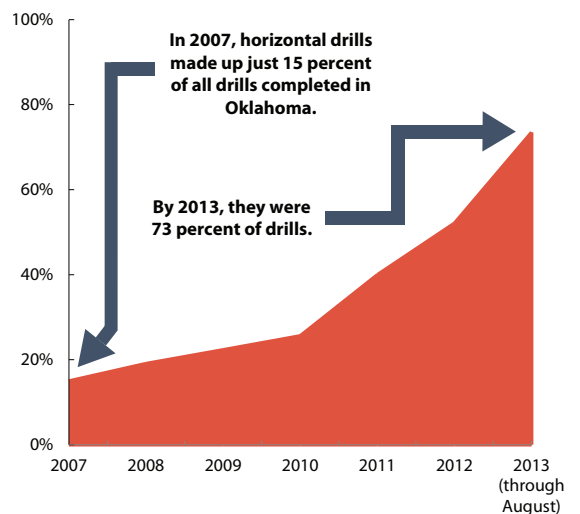
“It’s hard to give up an incentive tax break after 20 years, but it’s time to give the taxpayers a break and restore the gross production tax to the same as normal oil and gas wells.”

-John A. Brock, the founder of several successful oil and gas production companies in Oklahoma

Subsidies are no longer needed for a well-established drilling method.

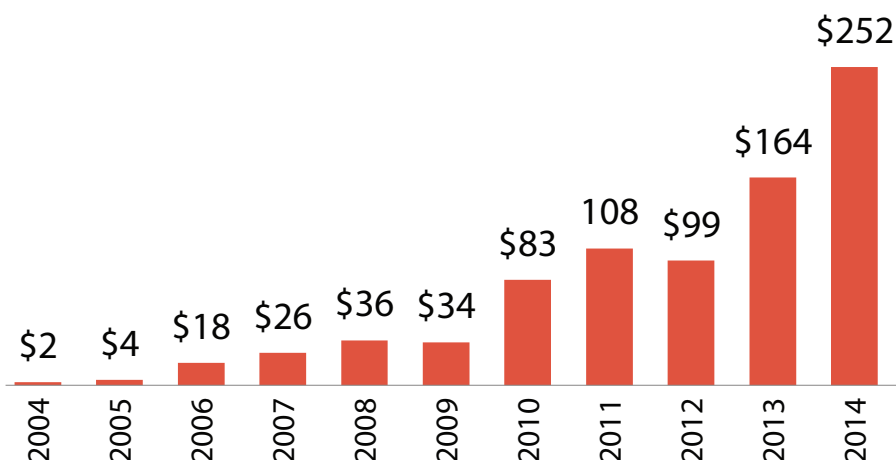
Oklahoma created a generous tax break for horizontal drilling in the 1990s. At the time, it was a risky and experimental drilling method. Today it is commonplace and highly profitable.

Horizontal Drilling is Now Common Practice



The cost of the horizontal drilling tax break has skyrocketed.

Cost of the Tax Break for Horizontal Drilling (in \$ millions)



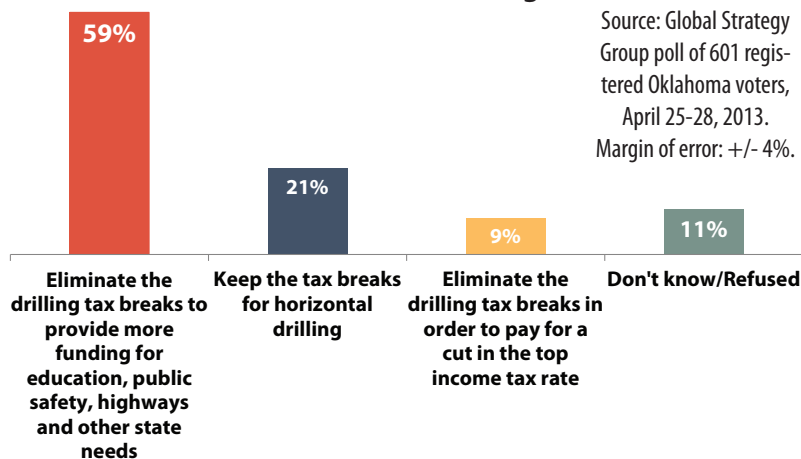
- In ten years, the cost of the tax break has grown more than a hundredfold. It’s now costing as much as \$252 million per year.
- We are giving out hundreds of millions to subsidize profitable wells at the same time as we slash budgets for our schools and other core services.

Eliminating the tax break will not hurt the economy.

- **Tax rates are not a major factor for companies deciding where to drill.** Much more important are oil and gas prices, access to road, train and pipeline infrastructure, available skilled labor, and the location of oil and gas reserves. Oklahoma is already highly competitive on all of these factors.
- **If we eliminated the tax break, our taxes would still be equal to or lower than most rival states.** Even without the tax break, Oklahoma's taxes on oil drilling would be equal to Texas and lower than Wyoming and New Mexico. Taxes on gas drilling would be lower than Montana, North Dakota, and Wyoming. The higher rates have not slowed down drilling in these states.
- **Revenue from eliminating the tax break will help Oklahoma's larger economy.** We know the energy industry goes through booms and busts. We owe it to our children to use boom periods to reinvest in our education, health, and infrastructure. By doing this, we can stabilize the economy over the long term and avoid an even bigger fall when the current boom subsides.

Oklahomans Agree...

Which of the following do you think Oklahoma should do with regards to tax breaks to oil and gas companies for horizontal drilling?



What was once a modest tax break intended to encourage an experimental form of production has become unnecessary and unaffordable. We need a fairer system that restores investments in services for all Oklahomans.

What You Can Do:

- **Contact Lawmakers**
- **Engage Your Community**
- **Join the Grassroots Movement**



Find out more at www.togetherok.org or e-mail us at info@togetherok.org.