

Thank you, Mr. Chairman and Ranking Member, for holding today's member hearing. It is very important, and it is great to hear from other members that have similar issues.

I appreciate the opportunity to speak before the committee on legislation that Congressman Carey of Ohio and I recently introduced, H.R. 5073, the Promoting Domestic Energy Production Act. This bipartisan piece of legislation would fix a provision within the Inflation Reduction Act's new book minimum tax to allow intangible drilling and development costs, or IDCs, to be considered when computing adjusted financial statement income.

It may sound complicated, but it is really very simple. IDCs have been included in the U.S. tax code since its inception, due to the recognition that oil exploration and the development of wells are capital intensive and have significant risks involved.

The domestic oil and gas industry requires continuous financing of labor, equipment, and the advancement of technologies. For example, when an operator drills a well, about 85 percent of the costs are intangible, with the largest share consisting of labor. IDCs allow for independent U.S. oil and gas companies to recover costs which will be reinvested in their next operation. Tax deductions for IDCs are not subsidies for oil and gas companies or anyone else, as some may believe.

Let me be clear. IDCs do not reduce total tax paid over the lifetime of the operation. In fact, they allow for oil and gas companies to recover their intangible costs more quickly, thereby freeing up funds to reinvest in development, which helps create more American jobs.

There is a long history of bipartisanship support for IDCs as important tax tools to encourage domestic energy production. We need to remember that energy security is American security. We cannot have what happened to Europe recently and is happening now ever happen to us here. Even as we continue to transition to cleaner and cleaner energy, we must be reliant on our own production, rather than foreign sources. And that means ensuring our domestic oil and gas production does not dwindle.

Our country must be ready to face the energy challenges of the next few decades. And as President Biden himself acknowledged during his State of the Union recently, we are still going

to need oil and gas for a while. That is some common sense. And this common sense bill promotes our nation's domestic energy production or capabilities, something many of us have called for in the wake of Russia's unprovoked invasion of Ukraine. This legislation ensures we keep and create American jobs, lower energy prices, and decrease our dependence on foreign energy.

We aren't asking for a handout for the energy industry. We are asking for the energy sector to receive the same treatment as other capital-intensive industries. Not doing so puts American energy at a global disadvantage. Energy independence is a foundation of a strong nation and economy, impacting almost everything we do, making the issues of oil and gas industry face a matter of national security.

I urge my colleagues on both sides of the aisle to cosponsor H.R. 5073, the Promoting Domestic Energy Production Act, to ensure domestic energy production can continue to nurture America to lead the world.