# One Bountiful Oil Billionaire Bonanza

***Fossil Fuel Industry Stands to Get Billions in Lucrative Giveaways From Republican Tax and Budget Scam, Likely Winners Include 14 Fossil Fuel Companies With More than $100 Billion in Combined Profits***

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The fossil fuel industry is in line for massive giveaways as Congress and the Trump administration put together a budget and tax deal packed with giveaways for giant corporations and the wealthy.

| Five Key Lowlights of the GOP's Fossil Fuel Billionaire Bonanza |
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| 1) Sabotages the Clean Energy Transition to Pay for Polluter Handouts<br>2) Provides Instant Tax Relief to Pipeline Companies, Gas Exporters and Oil Refiners<br>3) Cuts Fees for Drilling on Public Lands & Waters and for Methane Pollution<br>4) Doubles Down on False Climate Solutions<br>5) Provides New Pipeline Giveaways |

The Republican-led House of Representatives has put together a reckless plan to take away health and food benefits for low-income families to fund tax cuts for the ultra-rich. A bill passed this week by the House of Representatives gives huge tax cuts for households making over $1 million per year while providing little for low- and middle-income families and extending massive handouts to corporations. The legislation, known as the One Big Beautiful Bill Act, reverses years of progress on environmental protection and the transition to clean energy. It slashes incentives for consumers to save money on their electricity bills and buy clean cars. It is likely to increase household energy costs by $95 to $290 in 2035. With a quarter of low-income households already spending 15% of their income on energy bills, Congress is shamefully eliminating programs and incentives designed to help the neediest consumers.

This backward-looking bill jeopardizes clean energy innovation by repealing most of President Joe Biden's signature Inflation Reduction Act. It would extend numerous destructive tax breaks and other favors to Corporate America, including the fossil fuel industry. The bill would build on a longstanding tradition of generous tax loopholes for oil and gas companies, with some on the books for a century. Fossil fuel subsidies already on the books are estimated to cost everyday people more than $170 billion over ten years, while increasing climate-damaging emissions and padding the profits of corporate CEOs and shareholders. So far, the GOP package includes the following five handouts to wealthy oil and gas companies:

1) **SABOTAGES THE CLEAN ENERGY TRANSITION TO PAY FOR POLLUTER HANDOUTS:** The tax bill will repeal most of President Joe Biden's signature Inflation Reduction Act, which provided incentives to advance the transition to a clean energy economy, a major competitive threat to the oil and gas industry. The bill axes subsidies for renewable energy production and electric vehicle tax credits, even though Republican-leaning states have been huge beneficiaries of Biden-era programs to encourage renewable energy. Instead, Republicans appear content to cede the jobs of the future to China and put the U.S. well behind Europe and China in advancing decarbonization.
2) **PROVIDES INSTANT TAX RELIEF FOR PIPELINE COMPANIES, GAS EXPORTERS AND OIL REFINERS:** Normally, companies can only deduct their large capital expenditures, such as drilling equipment, over the life of the asset. Now Republicans are working to restart a corporate giveaway included in the Trump tax cuts of 2017 that allowed the entire cost of major equipment purchases to be deducted immediately, providing instant tax relief for corporations. Under the House bill, this tax break would be restored for another five years, which is estimated to cost $37 billion. Assuming this tax break is made permanent, the true cost would balloon to $360 billion over 10 years. Business lobbying groups like the U.S. Chamber of Commerce and American Petroleum Institute argue that this tax break, known as bonus depreciation, is necessary to spur equipment purchases, and API cited it as a lobbying priority for 2025. This section of the tax code applies to all corporate sectors, but is especially important to builders of fossil fuel infrastructure with large up-front expenses, such as pipeline companies and liquefied natural gas terminal operators.
3) **CUTS FEES FOR DRILLING ON PUBLIC LANDS AND WATERS AND FOR METHANE POLLUTION:** The House plan would return royalty rates for offshore and onshore oil and gas drilling to what they were in 1920, and half of what New Mexico and Texas currently charge to drillers in their states. Doing so could cost taxpayers $33 billion over the next 25 years, according to Resources for the Future. In addition, the budget plan would essentially transfer management and control

of hundreds of millions of acres of national public lands to the oil and gas industry by requiring quarterly lease sales of public lands across western states and eliminating regulators' ability to have discretion in which parcels to offer. The GOP legislation would repeal the EPA's fee on methane emissions, required by the 2022 Inflation Reduction Act. Methane gas is a powerful climate pollutant. While it has a far shorter lifetime than carbon dioxide, it is 80 times more potent than CO2 after over 20 years and 28 times stronger over 100 years. Oil and gas operators around the U.S. are major methane polluters. The bill required the EPA to collect a charge on waste methane emissions from fossil fuel facilities and was paired with a $1.5 billion government spending program to help oil and gas companies reduce harmful methane emissions.. Despite this common-sense approach, Congress voted to repeal the EPA's rules implementing the fee in February, and GOP budget legislation would repeal the law requiring the fee entirely.

4) **DOUBLES DOWN ON TAX BREAKS FOR FALSE CLIMATE SOLUTIONS:** A policy favored by the oil and gas industry that was expanded in the IRA provides subsidies for capturing carbon from power plants and other industrial sources, with a tax credit known as 45Q. The oil and gas industry claims that carbon capture technology would lead to decarbonization. However, this assertion has always been dubious. First, because of technical challenges, but also because captured carbon operations often stimulate oil production, via a process known as "enhanced oil recovery."
5) **PROVIDES NEW PIPELINE GIVEAWAYS:** Since the 1980s, the oil and gas industry has had privileged access to business structures known as Master Limited Partnerships (MLPs). These vehicles, favored in particular by pipeline operators, are exempt from federal income taxes. Taxes are not paid by the entity but directly by investors. The result is a tax advantage for MLPs of 7.2 percentage points compared with regular corporations. The House bill would expand the eligible activities for generating MLP income to false climate solutions like carbon capture and direct air capture for enhanced oil recovery, dirty biofuels, and fossil fuel-sourced hydrogen. The official estimated cost of expanding the MLP loophole is $2 billion over ten years. The bill also includes a pay-to-play scheme where builders of gas pipelines and export terminals can fork over millions of dollars to avoid environmental reviews.

### Demolishing the Clean Energy Transition

The landmark 2022 Inflation Reduction Act provided robust incentives for wind, solar, and battery storage technologies, and some of the landmark Biden-era legislation is just starting to kick in. Starting this year, any zero-emission power source would be eligible to opt for a new "technology-neutral" tax credit, with extra incentives for projects built with workers paid at the prevailing wage.

These policies would be mostly demolished under the House bill. To satisfy far-right lawmakers, the House Republican bill ends clean electricity tax credits. It requires projects to start construction within two months of the legislation's enactment — an ultra-fast cutoff time that would doom many projects. Projects also must be fully plugged into the grid before 2029, earlier than the bill's first version had given until 2032, giving renewable investors some hope.

The bill rescinds unspent grant funding to oil and gas companies to implement technology to control methane emissions  It also rescinds unspent funds from programs that provide training for energy efficiency rebates and cuts funding for the Department of Energy's Loan Programs Office, which funds innovative new technologies that are crucial for decarbonization in energy-intensive sectors such as steelmaking.

Taken as a whole, the House bill amounts to a breathtaking loss for the climate and for American workers and communities. Analysts at the Rhodium Group warned that the bill will raise household energy costs by 7% by 2035. Holding off the transition to clean energy wouldn't just harm the climate; it could also jeopardize the creation of jobs in the clean technology sector, ceding the industries of the future to China.

### Oil and Gas CEOs Rake in Corporate Handouts

Some potential beneficiaries of the newly passed House legislation are identified in **Table 1.** These companies either pay federal royalties on federal lands and waters or have indicated in comments to investors that they may benefit from tax changes in the Republican legislation. Energy companies listed in **Table 2** have indicated to investors and shareholders that they would be likely winners from provisions in Republican tax and budget legislation. These corporate winners are likely to include several whose executives were in attendance at a notorious April 2024 dinner in Florida in which Donald Trump asked oil barons to shower him with $1 billion in campaign cash, as well as a Trump fundraising lunch in Houston held by key fossil fuel executives a month later. A review of corporate conference calls shows **(Table 2)** that oil and gas executives, especially from the pipeline and export terminal industry, have long sought tax cuts that Congress is now on the verge of enacting.

### Table 1: Likely Winners in the House Republican Tax and Budget Bill Among Publicly Traded Oil and Gas Companies

| Company | Sector | 2024 Profit ($Billions) |
|---|---|---:|
| Exxon Mobil | International Oil Major | $33.7 |
| Chevron | International Oil Major | $17.7 |
| Shell | International Oil Major | $16.1 |
| ConocoPhillips | International Oil Major | $9.2 |
| EOG Resources | U.S. Onshore | $6.4 |
| Cheniere Energy | Gas Exports | $3.3 |
| OneOK | Pipelines | $3 |
| Devon Energy | U.S. Onshore | $2.9 |
| Occidental Petroleum | U.S. Onshore & Offshore | $2.4 |
| Williams Cos. | Pipelines | $2.2 |
| Phillips66 | Oil Refining | $2.1 |
| Targa Resources | Pipelines | $1.3 |
| Permian Resources | U.S. Onshore | $1 |
| BP | International Oil Major | $0.4 |
| **Total** | **BIG OIL AND GAS** | **$102** |

*Source: Includes companies that have mentioned the tax changes in their conference calls with investors or Securities and Exchange Filings, as well as an analysis of public lands royalty data from U.S. Office of Natural Resources revenue.*

| Table 2: Quotes from Fossil Fuel Executives About Tax Legislation |
|---|
| Trump's election and Republican control of Congress would mean **"a very favorable tax outcome, particularly bonus depreciation would be a very huge positive to what we have in the guidance and in plan right now."** - Williams Cos. CEO Alan Armstrong on November 2024 earnings call.. |
| **"Any favorable tax policy changes by the new administration, such as reinstating bonus depreciation or eliminating AMT, would reduce our cash taxes relative to our expectations."** Targa Resources CEO William Byerson February 2025 earnings call.. |
| **"President Trump knows the business case for this. I've had several conversations with him. People around him understand the need for at least some initial subsidies to help advance this technology."** Occidental Petroleum Corp, CEO Vicki Hollub on February 2025 earnings call describing how tax credits for the use of carbon pipelines to draw more oil and gas out of the ground. |
| The return of 100% bonus depreciation will be **"a benefit and a very good positive."** Walter Hulse, chief financial officer of pipeline company ONEOK told analysts at a December 2024 investment conference |
| **"That would benefit us in 2024 and to the tune of probably an incremental $300 million or so, but that's contingent on that legislation passing."** Kevin Mitchell, CEO of oil refiner Phillips 66, said on a January 2024 earnings call about legislation introduced in Congress at the time that would have retroactively given companies 100% bonus depreciation back to 2023**.** |
| "Our cash tax payments may be substantially lower in the periods that the Corpus Christi Stage 3 Project is placed into service due to **anticipated tax depreciation allowances from the project."** Cheniere Energy annual filing with the Securities and Exchange Commission, 2025 |

Source: Friends of the Earth, Public Citizen research

## Instant Deductions Lower Corporate Tax Bills Fast

All taxpayers are entitled to tax deductions for the wear and tear of their assets, known as depreciation. Here is how depreciation works: If a business makes a major purchase, the company typically can deduct its investment in equipment from its taxable income over time to reflect the decline in the asset's value.

For most of the past 20 years, businesses of all sizes have been allowed to immediately deduct 50% of the cost of equipment purchases from their taxes in the year the asset was purchased. The Trump tax law of 2017 went further, reflecting arguments by corporate lobbyists that the tax break, known as bonus depreciation, is necessary to spur investment. The 2017 Trump tax law allowed the entire cost of major equipment purchases and investments to be deducted immediately, providing an instant tax break to corporations. An analysis by the Institute for Taxation and Economic Policy (ITEP) found that 25 corporations used this tax break to save $67 billion in taxes from 2018 to 2022. In the energy sector, the ITEP analysis found that Williams Cos., the Tulsa, Oklahoma-based pipeline company, **used the bonus depreciation tax break to wipe out its tax bill entirely**. In an earnings call shortly after the election, Williams Cos. CEO Alan Armstrong said that Trump's election and Republican control of Congress would bring **"a very favorable tax outcome, particularly bonus depreciation would be a very huge positive."** Other oil and gas companies that made use of the tax break after the 2017 Trump tax bill included Coterra Energy, Pioneer Natural Resources (now part of Exxon Mobil) and Marathon Petroleum, according to ITEP. Reviving bonus depreciation is a priority of the American Petroleum Institute and was specified as a lobbying priority by ConocoPhillips on its first quarter 2025 lobbying form.

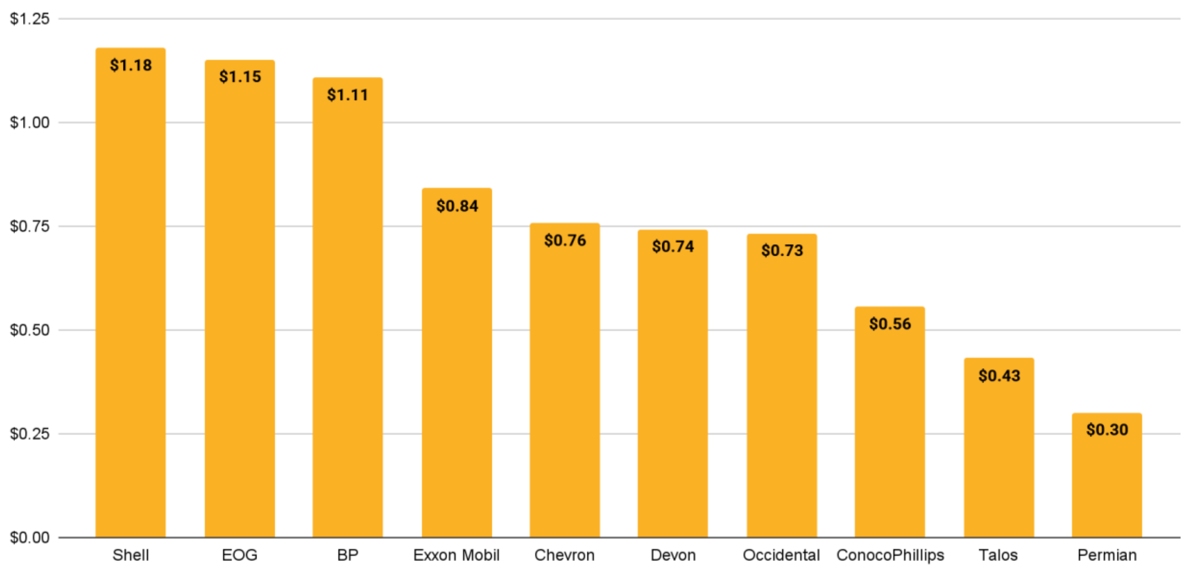
Corporate lobbyists have been pushing for several years to have the equipment deduction tax break fully renewed, with the U.S. Chamber of Commerce including it as part of its tax policy agenda. **Making this 100% tax break permanent would cost $378 billion over a decade,** according to the Congressional Budget Office. During his first address to Congress of his second term in March 2025, Trump promised the return to "100% expensing" - later clarified by a White House official to be "100 percent bonus depreciation . . . the focus was on equipment cost recovery." At Treasury Secretary Scott Bessent's confirmation hearing, Sen. James Lankford (R.-Okla), a key fossil fuel industry ally, said he has been "fighting for a stable bonus depreciation amount" to help pipeline companies but also "a pet shop, hair salon, and a restaurant." While it is true that businesses of all sizes can use this tax break, **the vast majority of the benefits go to America's largest corporations.** The same corporations receiving these benefits have been lobbying to extend the bonus depreciation giveaway for several years.

### Fossil Fuel Drillers Lobby to Lower Royalty Payments

The federal government subsidized oil and gas companies for decades by undercharging them for drilling on public lands. The government allowed oil and gas companies to pay an outdated rock-bottom rate of 12.5% of the value of oil and gas produced to drill on public lands, a policy choice that meant billions in lost revenue for U.S. taxpayers. During the Biden administration, Congress and the federal government addressed the federal government's longstanding failure to charge adequate royalties to compensate taxpayers for drilling on public lands. Republican legislation would reverse that progress, slashing royalties to 12.5% from current levels of 16.7% for both onshore and offshore drilling. Reckless plans to reverse Biden-era reforms to oil and gas policies would also leave taxpayers exposed to massive cleanup costs for oil and gas drilling, a looming crisis for the industry. These royalties are significant expenses for oil and gas drilling companies **(Chart 1).**

**Chart 1: Largest Federal Oil and Gas Royalty Payments By Company, 2024 ($Billions)**

Source: Interior Dept Office of Natural Resources Revenue (includes publicly traded companies that drill on federal lands and waters)



## False Climate Solutions Help Oil and Gas Companies

The Inflation Reduction Act massively expanded subsidies for capturing carbon from power plants and other industrial sources. This technology has always been a dubious play for decarbonization, both because it is technically difficult and the captured carbon often is used to stimulate oil production. In the House budget and tax bill, the industry-favorite carbon capture tax credit is one of the only pieces of the Biden-era Inflation Reduction Act left largely intact. Several major oil and gas companies have made big bets on carbon capture, including Exxon Mobil, which paid $4.9 billion for carbon capture and enhanced oil recovery specialist Denbury Inc. in 2024 and Chevron, which is planning a massive carbon capture project on the Texas Gulf coast. In a conference call with analysts in February 2025, Occidental Petroleum Corp CEO Vicki Hollub was clear that the industry sees this technology as a way to stimulate more oil and gas production. Hollub cited federal tax credits as a necessary step to drive oil and gas production. Occidental recently lined up a $500 million investment from the Abu Dhabi National Oil company to capture CO2 out of the atmosphere. Hollub also said that Trump personally understands the issue. "**President Trump knows the business case for this. I've had several conversations with him. People around him understand the need for at least some initial subsidies to help advance this technology,"** Hollub said.

### Left Out (for Now): Minimizing Corporate Minimum Tax Payments

Before the House bill was drafted, oil and gas companies and their trade groups were pushing for legislation introduced by Sen. James Lankford (R.-Okla) that would help lower corporate tax bills. The bill, dubbed the Promoting Domestic Energy Production Act, is backed by the American Petroleum Institute, American Exploration & Production Council, ConocoPhillips Inc., and Ovintiv Inc., but has been left out of GOP tax legislation, though it could be added at a later date. Lankford's bill would allow the deduction for "intangible" drilling costs — a longstanding subsidy for Big Oil — to be claimed against the 15% corporate minimum tax, which was designed to ensure all corporations pay some taxes. Similar to accelerated depreciation, the intangible drilling subsidy allows all of the costs for drilling an oil or gas well to be deducted immediately in the year the drilling occurred. Whether this oil and gas trade push will be resurrected in the Senate remains to be seen. Regardless, companies are allowed to claim accelerated depreciation to reduce their tax liability from a 15% corporate minimum tax imposed in 2022. This corporate goodie was enacted as part of a last-minute concession to former Sen Kyrsten Sinema, the centrist former Democratic Senator from Arizona with close corporate allies.

### Conclusion

Over many decades, the U.S. government has handed out hundreds of billions in subsidies to fossil fuel companies. At the same time, communities across the nation bear the devastating consequences of pollution and climate change. Fossil fuel tax breaks, valued at $170 billion over 10 years, perpetuate fossil fuel production in the United States by making it economically feasible. As much as 60% of U.S. oil and gas reserves are “subsidy dependent,” meaning they would stay in the ground without subsidies. Several members of Congress have introduced legislation to combat oil and gas subsidies in recent years. The End Polluter Welfare Act by Sen. Bernie Sanders and Rep. Ilhan Omar represents the most ambitious approach. Several other bills tackle pieces of the problem, such as the End Oil and Gas Tax Subsidies Act by Reps. Don Beyer, Sean Casten, and Mike Levin, and more targeted legislation by Rep. Ro Khanna and Sen. Ed Markey. Nevertheless, just three years after Congress decided to invest in a clean energy future, fossil fuel interests are trying to reverse clean energy and climate policies to accelerate a climate catastrophe. It is unacceptable for the public to unwillingly front the bill to pad Big Oil CEOs’ wallets.