



OKLAHOMA KEY BUSINESS SYSTEMS

ENERGY POWERING OKLAHOMA

Myth: Oil Companies Make Gas Prices High to Make Huge Profits

False: Gas prices are set by the world oil market. The supply and demand for oil, just like everything else in a capitalistic society, is the main factor contributing to consumer costs. In fact, Oklahoma Energy companies are trying to release our dependence on foreign oil so that other countries and outside companies won't affect American citizens.

The use of natural gas from Oklahoma could be the perfect alternative for the American people as gas prices continue to rise. Furthermore, the energy sector has the biggest variance in profits per year. Most gains in profitability are quickly lost through competition the following year. Oklahoma's energy companies are unique because of their ability to help Oklahoma citizens.

The biggest impact on energy companies is taxes; oil and natural gas products are heavily taxed. Oil and energy companies pay, on average, 44.6% in taxes. Energy is unlike any other commodity. The oil and gas industry provides essential goods at the lowest possible cost, "with great reliability and security of supply, while still ensuring a cleaner environment." This is remarkable because Apple pays 14% in taxes over the same framework. This means that important oil and gas companies that provide over 9.8 million U.S. jobs pay three times more in taxes than Apple.

The energy industry is the largest source of tax revenue in the state. Because of this, they are able to help our citizens with these taxes. Tax revenue in 2012 accounted for \$2 billion, "or 22% of all state tax collections." This helped to grow the job market within the energy sector during the recessions' recovery. In addition, energy companies can account for population growth from 2002 to 2012 with 118,000 new residents. Because of the positive impact of the tax revenue from energy companies, Oklahomans were not impacted as greatly as others during the recent recession.

Reflect on what you learned...

- How are gas prices set?
- What is the average percentage that energy companies pay in taxes?
- What was the population increase from 2002-2012 because of the growth in the energy industry?



Oklahoma's future begins in the classroom.



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