Texas oil and gas industry pays highest total of taxes and state royalties in history

The newly released annual report from the Texas Oil and Gas Association shows the industry paid $24.7 billion in state and local taxes and state royalties.

AUSTIN, Texas — The Texas Oil and Gas Association (TXOGA) released its annual report on Monday, showing the industry paid a record-setting $24.7 billion in state and local taxes and state royalties in fiscal year 2022. TXOGA President Todd Staples said that equates to roughly $67 million a day to help fund Texas schools and universities, pay for state services and contribute to the rainy day fund.

Texas independent school districts received $1.65 billion in property taxes from oil and natural gas production, pipelines and gas utilities. Counties across the state received $608.6 million.

- Oil and gas property taxes paid by school district
- Oil and gas property taxes paid by county

The taxes paid are the main reason why Texas lawmakers have a $32.7 billion surplus to spend when they craft the state's budget this legislative session.
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“The Texas oil and natural gas industry plays an extraordinary role in securing our state and national economy and advancing global stability. However, growth is not guaranteed, and policy can promote prosperity, or hinder it,” Staples said on a call with reporters. “Policies and politics in Texas and across our nation will determine if we can continue to deliver for Texans while meeting our nation and the world's energy needs.”

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Staples said this session, lawmakers must take action on something most Texans also want to see lawmakers act on: property taxes.

“When you look at Texas’s competitiveness, high property taxes are a deterrent from locating in Texas and expanding. And so that’s another area that I think should be strongly considered in the debate,” Staples said.

The TXOGA has five priorities for the 88th Texas legislative session. They are listed by the group as:

1. Economic development policy that makes Texas competitive for major projects
2. A policy framework for carbon capture and sequestration for Texas to be the leader in this emerging space
3. Electricity market redesign policy that keeps our grid reliable and rates affordable for consumers
4. Policies that fund our key regulatory agencies including the Railroad Commission and TCEQ as well as funding for the important work of TexNet at UT’s Bureau of Economic Geology
5. We need to protect against policies that would adversely impact the growth of this industry.

Staples acknowledged it is unlikely the oil and gas industry will be able to repeat this level of record-breaking revenue for the state, but added there are things lawmakers can do this session to help secure major projects.

The previous record of taxes and state royalties paid by the oil and gas industry was set in 2019 at more than $16 billion. The 2022 amounts are 54% more than that.

Read the full report on the TXOGA website.

The TXOGA also released a video on Monday, highlighting the report, which can be viewed below.