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Royalty Owners Get Costly Surprise

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MINERAL royalty owners, including a considerable number of Oklahomans, are taking a look at the "windfall profits" tax on oil from a new angle.

They now realize that royalty owners will have the unexpected privilege of paying their share of the tax on profits.

A recent article in The Sunday Oklahoman explaining how this tax will be applied could have been the first news about it for many royalty owners. All along the windfall profits tax has been portrayed as a "tax-the-fat-cats" measure to benefit the little people.

In the final analysis, the bill is an excise tax designed to give Congress and the administration more money to appropriate. Price increases and certain deductions will be allowed so that those who own interests in oil wells won't complain so loudly, but the excise tax will still be there producing revenue for Uncle Sam to spend.

Apparently, the tax on royalty payments was a "sleeper," because the president of the Oklahoma Roy-

alty Owners Association commented that they could have "made an impact on Washington" to change the plan "if we'd been notified about its effect on royalty payments."

They're being notified about it now, by pipelines, refineries and other crude oil buyers. Purchasers will deduct proportionate shares of the windfall profits tax from future royalty payments.

A.A. Meyerhoff, Tulsa, an independent oil producer, writes that he thinks the windfall profits tax will virtually eliminate royalty payments in many cases. He predicts that "perhaps 80,000 of the nation's 375,000 stripper wells" will go out of business within 18 months.

Major oil companies have indicated the tax on profits will not encourage them to search for much-needed new petroleum reserves.

In order to win support for the tax bill, politicians have created a "Christmas tree" measure, with "presents" on it for many.

Part of the money has been promised to help low-income families pay their fuel bills.

Home owners who buy new heating or cooling systems powered by sun or wind have been promised subsidies.

Liquor and tobacco companies, plus numerous others, are in line to obtain grants or other special financing to build gasohol plants.

Purposes of the remainder of the anticipated \$227 billion or more to be collected have not been agreed upon, but experienced spenders in Congress have given assurance that they will think of something.

Government power is being used to tax away profits officials consider to be excessive. Other industries could become targets of similar taxation, or profit confiscation, in the future.

For example, a New England economist has written a facetious newspaper article urging the federal government to impose a windfall profits tax on firewood. He claims that "profit-hungry woodlot barons" are making "obscene profits" at the expense of fireplace lovers.

Don't laugh! Congress might have had the idea before he did!