The Ending Taxpayer Welfare for Oil and Gas Companies Act of 2021
Rep. Katie Porter (CA-45)


The Ending Taxpayer Welfare for Oil and Gas Companies Act would raise royalties, rental rates, inspection fees, and penalties that have not been updated in decades. These artificially low fees are costing taxpayers hundreds of millions of dollars and creating a financial windfall for oil and gas companies that extract resources from public lands. The Act will also close loopholes that enable corporate waste, fraud, and abuse by oil and gas companies operating on public lands.

Key provisions of the Act include:

Raising onshore royalty rates to 18.75 percent for all new oil and gas and coal leases. The federal onshore royalty rate of 12.5 percent has not been adjusted in over a century and is considerably below the federal offshore royalty rate and the royalty rates charged by states. Raising the royalty rate could generate more than $1 billion for taxpayers each year.

Raising the current onshore oil and gas minimum bid from $2 to $5 and requiring it to be indexed to inflation. The current minimum bid for onshore oil and gas leases has not been adjusted since 1987. A $5 minimum bid would have generated roughly $3.5 million for taxpayers since 2018.

Raising per-acre onshore rental rates for oil and gas leases from their current values of $1.50 for the first 5 years and $2 for the second five years, to $3 for the first 5 years and $5 for the second 5 years. The current rental rate for onshore oil and gas leases has not been adjusted since 1987. Rental rates adjusted for inflation would have raised an estimated $440 million for taxpayers between 2009 and 2017.

Requiring natural gas companies to pay royalties on all methane they take out of the ground, including gas burned for fuel on-site, and wasted through leaks, venting, and flaring. Since 2013, leaks and venting on public lands have resulted in the waste of more than $2.3 billion worth of natural gas, with no royalties.

Requiring oil and gas companies on public lands to keep records until the statute of limitations on unpaid royalties expires, and increasing penalties that have not been updated since the 1980’s.