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LMOGA Announces Report Findings from Economic Impact Study

Economist Loren Scott: The Energy Sector: A giant economic engine for the Louisiana economy

BATON ROUGE, LA---Louisiana Mid-Continent Oil and Gas Association today released findings of a study conducted by Dr. Loren Scott on the impact of the extraction, refining and pipeline industries in Louisiana. Dr. Scott found the three industries cumulatively supported 310,217 jobs in the state, generated over \$16.1 billion in household earnings for Louisianans, and supported \$77.3 billion in sales by Louisiana firms in 2009.

Findings also indicate Louisiana is the number one producer of crude oil (including federal OCS production), number two among the states in petroleum refining capacity and the number three producer of natural gas among the 50 states.

“These findings make a compelling case about the major role the extraction, refining and pipeline industries play in the state economy, particularly relative to jobs,” LMOGA President Chris John said. “On average, the job multiplier for these three industries is five. That is, for every job created in these sectors four additional jobs are created through other sectors in the state. In today’s economy, the significance of that statistic is huge.”

Another measure of the industry’s impact on Louisiana is the value added benefit. Value added is a broader measure of the total income created directly in an industry. Dr. Scott’s report estimates the value added impact of the oil and gas extraction sector is \$43 billion in total income. The refining sector's value added in 2009 was \$11.4 billion.

The extraction, refining and pipeline industries revenue make up a significant portion of state income, with nearly \$1.4 billion in state taxes and fees in FY10 alone. Through the \$16.1 billion in household earnings generated by these three industries, state government indirectly was able to collect an additional \$1,125,100,000 in taxes in FY10, for a total boost to the state treasury of \$2.5 billion in FY10.

A very conservative estimate is that these three industries directly paid \$298 million in ad valorem taxes to local governments in the state in 2009. Further, the \$16.1 billion in household earnings generated by these three industries added approximately \$707 million indirectly to the treasuries of local governments in FY10, for a total of just over \$1 billion contributed to local government treasuries.

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“Louisiana won the flip of the coin when it came to the geographical distribution of natural resources and this data clearly demonstrates the development of these resources by industry have had staggering direct and indirect impacts across all parishes of the state,” Dr. Scott said.

According to Dr. Scott’s report, energy jobs and earnings are found in all of Louisiana's 64 parishes in 2010. Further, there were 15 parishes with in excess of 1,000 workers employed in these three industries.

The executive summary of the report is attached to this release. If you would like a PDF copy of the full report emailed to you, please contact Ashley Golden at Ashley.golden@lmo.ga.com. Printed copies of the full report are also available from the LMOGA office upon request.

Louisiana Mid-Continent Oil and Gas Association, founded in 1923, is the only oil and gas trade association exclusively representing all sectors of the oil and gas industry operating in Louisiana and the Gulf of Mexico. LMOGA serves exploration and production, refining, transportation, marketing and mid stream companies as well as other firms in the fields of law, engineering, environment, financing and government relations.

LMOGA’s mission is to promote and represent the oil and gas industry operating in Louisiana and the Gulf of Mexico by extending representation of our members in the Louisiana Legislature, state and federal regulatory agencies, the Louisiana congressional delegation, the media and the general public.

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