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Arkansas: The Natural Energy State (Guest Commentary)

By J. Kelly Robbins - 3/8/2010

You may have noticed lately that the state's print and broadcast media have been crowded with ads encouraging you to support or oppose various energy issues and legislation, often in the name of cleaner and less expensive options. All along, we in Arkansas have had the answers under our very own feet.

If you live in southern, western or north-central Arkansas, you know I'm referring to oil and natural gas. More importantly, no matter where you live in our state, you are a direct beneficiary of this vital economic sector.

The oil and gas industry has a long and proven history in the Natural State, one that has recently received more emphasis with the development of the Fayetteville Shale. The University of Arkansas' Center for Business & Economic Research recently unveiled an analysis measuring - not projecting - the industry's economic impact in our state. Consider some of these key findings:

- Almost one third of the state's counties have oil or natural gas production.
- From 2004 to 2007, Arkansas' per capita income increased 17 percent, while earnings in the oil and gas industry grew 92 percent.
- In 2008, the average annual pay in Arkansas was \$34,909, while the oil and gas industry's annual payroll averaged \$64,039.
- From 2000 to July 2009, employment in the industry sector grew 78 percent -twice that of the second-largest growth sector - while manufacturing declined 32 percent.
- Collections for severance tax on natural gas in 2008 were \$1.2 million, and the first half of 2009 has generated \$13.6 million. The vast majority of the severance tax on natural gas is distributed 70 percent to our state highways, 15 percent to our cities and 15 percent to our counties.
- From 2004 to 2008, overall taxable sales in Arkansas increased 5.3 percent, compared with an increase of 28.8 percent in the 10 oil-producing counties and 21.8 percent in the 13 gas-producing counties.
- In 2008, on average, Arkansas produced more than \$11 million of oil and natural gas each day.
- Ranked 12th out of the 32 natural gas-producing states and 17th out of 31 states in the production of crude oil, Arkansas *is* an energy state.

It has been estimated that the royalty income generated in the Fayetteville Shale alone last year equaled a payroll of 8,000 people earning \$17 per hour. That is significant and likely accounts in part for recent improvements in our state's per-capita income ranking.

The producers, royalty owners and the more than 500 establishments in Arkansas directly involved in the production of oil or natural gas in the state - and which employ more than 9,000 people - generate severance taxes, corporate and personal income taxes, sales taxes, fuel taxes, payroll taxes and numerous other permits and fees. These taxes benefit every Arkansan by supporting education, providing health care services, paving roads and supporting public safety.

The oil and natural gas extracted from the ground right here at home in Arkansas are helping our nation move toward its goal of energy independence. And the more of it we use for transportation and electric power-generation needs, the greater the benefits will be for every citizen of our state.

Ads can be persuasive, but be assured of the facts: Arkansas is blessed with the natural resources we need to fuel electric generation, transportation and industrial and residential needs. It is in everyone's best interest to promote these resources over non-indigenous or foreign fuels. Increasing the domestic use of American oil and natural gas - harvested in Arkansas - benefits us all, right now. We can take pride that Arkansas is the Natural Energy State.

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