IDCs Support High-Paying American Jobs

American Petroleum Institute

What are IDCs?

- Despite the "intangible" descriptor, the deduction for intangible drilling costs (IDCs) represents physical investments.
  - **IDCs represent up to 85% of the costs of drilling a well.**
- Other industries have historically been allowed to expense similar costs. Natural gas and oil companies should be treated the same way.

IDCs Represent a Significant Component of the Overall Exploration & Production Cost

- IDCs are incurred to determine whether a resource is commercially viable and to access it. They include labor wages, site preparation, engineering and design, and repairs, among other expenses.
  - **IDCs include wages paid to American Engineers, Geologists, Surveyors, Electricians, Welders, and Construction workers.**

IDCs Do Not Change How Much a Company Pays in Taxes

- The deduction for IDCs is **not a subsidy**. Like expensing provisions available to other industries, the deduction for IDCs only affects **when** a company pays a tax—**not how much**.
  - **It covers ordinary and necessary business expenses that are immediately deductible for other industries.**

Repealing the IDC Deduction Could Cost High-Paying Domestic Jobs, Raise Energy Expenses for American Consumers, and Contribute to Increased Global Emissions

Repealing the IDCs could **endanger** the more than **2.5M Jobs** and **$280B** in **wages that depend on oil and gas** exploration and development.

Protect IDCs.

Protect the American energy advantage.

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