



April 22, 2025

The Honorable Mike Johnson
Speaker of the House
H-232, The Capitol
Washington, D.C. 20515

The Honorable John Thune
Senate Majority Leader
511 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Speaker Johnson and Majority Leader Thune:

On behalf of America's independent oil and natural gas producers, the Independent Petroleum Association of America (IPAA) urges you to help preserve the current tax treatment of carried interest to protect energy investment, support job creation, and ensure the continued growth of a resilient, domestically powered energy economy.

IPAA represents the primary producers of the nation's oil and natural gas and account for 83 percent of America's oil production and 90 percent of its natural gas output. Independent American producers are a driving force in our economy and support millions of jobs in the United States.

The carried interest structure is a well-established mechanism that rewards long-term investment and risk-taking. It is particularly critical in the oil and natural gas industry, where smaller, independent companies often partner with private equity investors to raise the capital needed to explore, drill, and produce America's energy resources. Nowhere is this model more embedded—or more vital—than in the Gulf Coast states, where these partnerships drive innovation, economic growth, and energy resilience.

Private investment has long played a foundational role in U.S. energy development. Over the last decade, private equity firms invested more than \$105 billion through hundreds of deals done throughout the United States. This capital directly supports the creation of high-paying jobs, local tax revenue, infrastructure development, and American energy independence.

Changing the tax treatment of carried interest would disproportionately burden the very partnerships that have fueled this growth. Smaller producers without access to public markets rely on these joint ventures to fund operations, navigate price volatility, and invest in new technologies that improve efficiency and reduce environmental impact. A tax hike would chill this essential investment, putting American jobs and energy security at risk.

Critically, carried interest is granted not for routine services, but for taking on long-term financial and operational risks, whether by investing sweat equity, guaranteeing financing, or absorbing project uncertainty in highly capital-intensive environments. The current carried interest tax treatment accurately reflects the nature of these entrepreneurial risks and changing it would unfairly penalize those who are building America's energy future. The result would be fewer new ventures, slower innovation, and reduced competitiveness, where private investment has proven indispensable.

Congress addressed this issue in 2017 through thoughtful reforms. Revisiting it now would amount to a retroactive tax increase on job creators and investors at a time when energy stability and affordability are national priorities.

IPAA urges you to resist any effort to increase taxes on carried interest, a change that would directly and negatively impact the businesses, communities, and people powering the infrastructure our nation depends on.

Sincerely,



Daniel T. Naatz
Executive Vice President & Chief Operating Officer
Independent Petroleum Association of America

cc: House Ways & Means Committee Chairman Jason Smith
Senate Finance Committee Chairman Mike Crapo