National Fuel is the gas utility for Western New York, and its subsidiary Seneca Resources is also a major fracker in the Marcellus Shale. Despite being a highly profitable company, National Fuel has an extremely poor record of paying taxes.

**HOW DID THEY DO IT?**

**Depreciation.** National Fuel reduces its tax bill primarily through deferrals derived from aggressive “accelerated” depreciation of property, plant and equipment. This benefit is somewhat larger on the federal level due to a tax break called “bonus depreciation.”

**Lobbyists: $400,000+ a year**

At the federal level, National Fuel spends $400,000 per year on lobbying efforts aimed at influencing legislation related to issues such as hydro-fracking, LIHEAP, and taxes. National Fuel lobbied on the issue of the dividend tax cut extension in 2010. At the state level, National Fuel retains the lobbying firm of Masiello, Martucci, Calabrese, & Associates to lobby on a range of issues.

**Accountants: $1.7 Million**

National Fuel paid auditing firm PricewaterhouseCoopers $1.7 million in 2011, including $140,000 for “tax advice and planning” and “tax compliance,” including “consultations on various federal, state and foreign tax matters.”

**Politicians: $400,000+**

On the state level, in the last two election cycles National Fuel’s PAC and top execs made $287,547 in contributions to New York State politicians. On the federal level, National Fuel’s PAC has already donated $121,400 to politicians in the past two cycles.

**If National Fuel paid the New York State rate, the company would have paid an additional $63 million in state income taxes from 2009 to 2011.*

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**NATIONAL FUEL’S TAX DODGING BY THE NUMBERS**

<table>
<thead>
<tr>
<th>NATIONAL FUEL PRE-TAX US PROFITS, 2009-2011:</th>
<th>$1.1 billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>NATIONAL FUEL’S STATE INCOME TAX BILL, 2009-11</td>
<td>$14.2 million</td>
</tr>
<tr>
<td>NATIONAL FUEL’S FEDERAL INCOME TAX BILL, 2009-11</td>
<td>$28.8 million</td>
</tr>
<tr>
<td>NATIONAL FUEL’S STATE INCOME TAX RATE, 2009-11</td>
<td>1.27%</td>
</tr>
<tr>
<td>NATIONAL FUEL’S FEDERAL INCOME TAX RATE, 2009-11</td>
<td>2.56%</td>
</tr>
<tr>
<td>NY STATE CORPORATE INCOME TAX RATE</td>
<td>6.2%</td>
</tr>
<tr>
<td>FEDERAL CORPORATE INCOME TAX RATE</td>
<td>35%</td>
</tr>
<tr>
<td>NYS INCOME TAX RATE FOR A FAMILY OF FOUR MAKING $58,000</td>
<td>4.1%</td>
</tr>
<tr>
<td>FEDERAL INCOME TAX RATE FOR A FAMILY OF FOUR MAKING $58,000</td>
<td>8.91%</td>
</tr>
</tbody>
</table>

**COMBINED INCOME TAXES**

<table>
<thead>
<tr>
<th>NATIONAL FUEL PRE-TAX WORLDWIDE PROFITS, 2009-2011</th>
<th>$1.1 billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009-11 INCOME TAXES PAID</td>
<td>$8.5 million</td>
</tr>
<tr>
<td>2009-11 TOTAL INCOME TAX RATE</td>
<td>0.76%</td>
</tr>
<tr>
<td>2011 COMBINED INCOME TAXES PAID</td>
<td>-$63.1 million</td>
</tr>
<tr>
<td>2011 COMBINED INCOME TAX RATE</td>
<td>-15%</td>
</tr>
</tbody>
</table>

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* Combined figures (including foreign income taxes) are in some ways the most reliable because the cash flow statement reports total “income taxes paid.” If a company is especially aggressive in taking tax breaks, it might report a higher figure for taxes owed in its income tax notes than what it actually paid, reported in the cash flow statement.
### NEW YORKERS BENEFITTING FROM NATIONAL FUEL’S TAX SCHEMES

<table>
<thead>
<tr>
<th>Name</th>
<th>Compensation 2011</th>
<th>Hourly Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>David F. Smith</td>
<td>$6.96 million</td>
<td>$3,480</td>
</tr>
<tr>
<td>Anna Marie Cellino</td>
<td>$2.95 million</td>
<td>$1,475</td>
</tr>
<tr>
<td>Ron Tanski</td>
<td>$4.73 million</td>
<td>$2,365</td>
</tr>
<tr>
<td>Matthew Cabell</td>
<td>$2.4 million</td>
<td>$1,200</td>
</tr>
<tr>
<td>David Bauer</td>
<td>$771,000</td>
<td>$385.50</td>
</tr>
</tbody>
</table>

###extracurriculars
Smith was elected chair of the Business Council of New York State in 2011. Smith blamed taxes for keeping executives away from New York State in one of his first public statements as Business Council chair. Smith was previously chair of Buffalo Niagara Enterprise (BNE). During his tenure, BNE was the single biggest recipient of National Fuel economic development grants, which are funded directly by ratepayers.

### Homes
Smith owns a $581,000, 4,300 square foot house in Clarence, NY and a $1.5 million, 3,600 square foot house in Scottsdale, AZ.

### Anna Marie Cellino
President of the Utility

Recession fortune
Cellino’s pay has tripled since 2008, when she was named president of National Fuel’s gas utility segment.

### Homes
Cellino owns many properties in the Buffalo area, including an 8 acre spread on Orchard Park Road in West Seneca, another 8 acres in Eden, a 6.5-acre estate on Old Lake Shore Rd overlooking Lake Erie (6 bedrooms, 4 baths, 4 fireplaces), and another 1.3-acre plot on Old Lake Shore Rd.

### OTHER TOP EXECUTIVES

<table>
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<tr>
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</tr>
</tbody>
</table>

Total: **$17.8 million** in 2011 compensation for five executives

### SOURCES:

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### THE BUFFALO NEWS

**“[The] Sopranos Sets Tone for National Fuel”**

–October 7, 2010

### TAX FAIRNESS AND TAX REFORM ARE GOOD FOR NEW YORK

Governor Cuomo and the Legislature did right by New Yorkers last year when they made the Personal Income Tax more progressive and more fair with a new Millionaires Tax and middle-class tax cuts.

We need to keep it going in 2012: reform corporate taxes to close loopholes and stop the special deals for big business and the 1%.

New York shouldn’t cut programs for the poor, slash pensions for workers, stop services for seniors and cut colleges if we can close corporate loopholes and enforce tax laws as an alternative.

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### SOURCES:

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### FOR MORE INFORMATION:
- Ron Deutsch
  New Yorkers for Fiscal Fairness
  518-469-6769
- Jess Wisneski
  Citizen Action of New York
  845-901-0264
- Frank Mauro
  Fiscal Policy Institute
  518-786-3156
- Caroline Leader
  Strong Economy
  For All Coalition
  212-598-6873

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www.99percentNY.org