

# Business

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## Big-oil executives defend federal tax breaks

BY JONATHAN FAHEY

AP Energy Writer

NEW YORK — Motorists are paying \$4 and up for a gallon of gasoline as the oil industry reaps pre-tax profits that could hit \$200 billion this year.

This makes another big number hard to take: \$4.4 billion. That's how much the industry saves every year through special tax breaks intended to promote domestic drilling.

President Barack Obama is increasing pressure on Congress to eliminate

these tax breaks — including one that is nearly a century old — at a time of record budget deficits. The president and congressional Democrats say eliminating the tax breaks will also lower gas prices by making alternative energy sources more competitive.

Oil industry advocates, a group that includes most Republicans in Congress, argue just the opposite. They say oil companies reinvest tax breaks into exploration and production, which ultimately generates more tax

dollars and increases the supply of oil. They say eliminating tax breaks will raise the cost of doing business and lead to higher gas prices.

Executives from the five biggest oil companies were asked about these tax breaks at a Senate finance committee meeting Thursday. Senate Democrats accused the oil companies of not paying their share to help the country emerge from economic hard times. Republicans derided the hearing as a dog-and-pony show staged to score

political points with angry drivers.

The industry executives said eliminating the tax breaks would reduce investment in the U.S. Exxon Mobil CEO Rex Tillerson said the tax proposal "would discourage future investment in energy projects in the United States and therefore undercut job creation and economic growth."

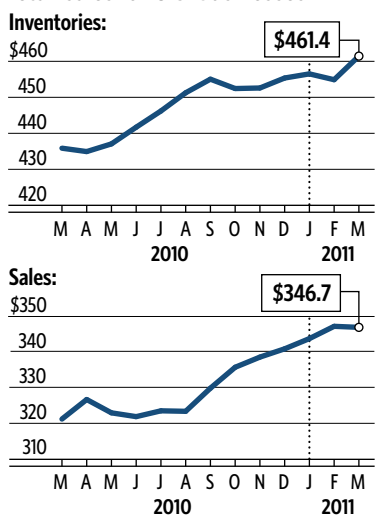
The 41 U.S. oil and gas companies that break out their federal taxes said they paid Uncle Sam \$5.7 billion in 2010, according to data compiled by

Compustat. That's more than any other industry. Exxon alone paid \$1.3 billion. (The company's total tax was \$21.5 billion, but most of that was paid to foreign governments and states.)

The tax breaks that Obama wants to eliminate will cost the U.S. Treasury \$44 billion over the next decade. A Senate proposal targets many of the same rules, but would eliminate them only for the five biggest oil companies: ExxonMobil, Chevron, BP, Royal Dutch Shell and ConocoPhillips.

### Business inventories

Estimated monthly inventories and retail sales for U.S. businesses.



## Economy poised for growth

BY CHRISTOPHER S. RUGABER AND MARTIN CRUTSINGER

AP Economics Writers

WASHINGTON — The best hiring market in five years should limit the damage from inflation and position the economy to thrive in the second half of the year.

Higher food and gas prices are threatening to slow growth this spring. But economists say the drag from inflation will likely be only temporary. Commodity prices are easing. Gas prices could follow in weeks.

"We are going to see the economy picking up steam," said Joel Naroff of Naroff Economic Advisors, who is among many economists who think gas prices will taper off. "Lower energy prices will give consumers more confidence to spend, and higher consumer spending will give businesses more confidence to hire and invest."

The nationwide average for a gallon of gas has jumped by more than a dollar in the past year, though it leveled off the past week slightly below \$4 a gallon. And consumers are paying more for groceries, after the biggest monthly spike in food prices in nearly three years.

Surging prices for necessities, like gas and food, were the main reason why sales at U.S. retailers rose 0.5 percent in April. It was the 10th straight monthly gain. But excluding sales at gas stations, the increase was a slighter 0.2 percent, the Commerce Department said. And grocery store sales rose at triple the rate from March.

Economists have expressed concerns that those higher prices could leave consumers with less money to spend on discretionary goods and services, like cars and clothing, furniture and vacations. It is spending for those kinds of things that help power the economy and embolden employers to hire.

## Collaborate to prosper

### Renewable energy success requires regional effort, say summit leaders

BY K KAUFMANN

The Desert Sun

Regional collaboration, strong policy initiatives and public-private partnerships will be key to creating a renewable energy economy in the Coachella Valley.

Those were the themes sounded over and over again during the third annual Coachella Valley Energy Summit that drew more than 200 city, business and energy officials to the Palm Springs Convention Center.

"If our region is to be successful in tapping into renewable energy and sustainability opportunities, we must have strong and successful collaboration so we can create a regional economy," said Indio Mayor Lupe Ramos Watson, who pointed to Imperial County as a potential partner.

Here are some highlights from the summit on Thursday:

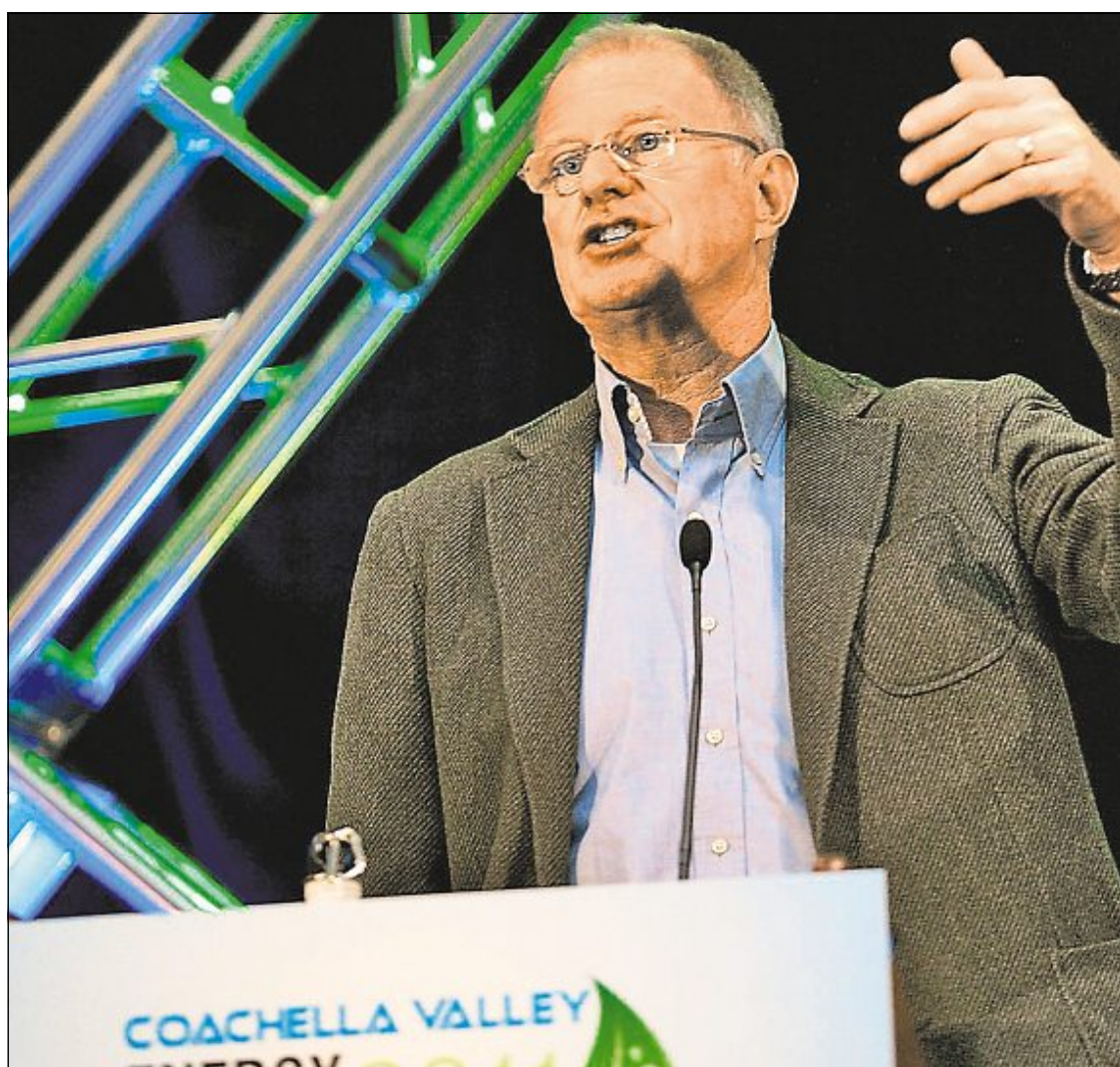
### Cross-valley permitting

Architect Eric Corey Freed, who chairs the Coachella Valley Branch of the U.S. Green Building Council, said the valley's nine cities need to adopt uniform permitting regulations for rooftop solar and water conservation systems.

"I'd like to see over-the-counter permitting for residential-scale solar, residential-scale gray water and wastewater systems and drip irrigation," he said. "One uniform form takes the burden off staff and creates an incentive for residents to do the right thing."

### Zero-emission transportation

Riverside County Supervisor John J. Benoit, speaking in his role as a board



JAY CALDERON THE DESERT SUN

Actor and environmentalist Ed Begley Jr. speaks about reducing one's carbon footprint through energy efficiency, renewable energy and sustainability during the Coachella Valley Energy Summit at the Palm Springs Convention Center.

member of the South Coast Air Quality Management District, envisioned a future with zero-emission vehicles and economic parity between power generated from fossil fuels and renewable energy.

"Public-private collaboration will be key," he said.

"We need to connect the dots between wind, solar, geothermal and

grid reliability," he said. "They need to be baseline and they're not. Any technology that helps us close the gap between generation (costs) and baseline is of interest to the Air Quality District."

### Jobs and environment

Actor and environmental activist Ed

Begley Jr. made a pitch for home energy audits and a bottom-line approach to energy efficiency — do the cheap and easy stuff first, then reinvest the money you save for higher-level efficiencies.

On policy, he said, "This argument has to end about jobs versus the environment. It's jobs and the en-

Please see **SUMMIT, A13**

## Facebook shoots at Google, hits itself

BY BARBARA ORTUTAY

AP Technology Writer

NEW YORK — The intense rivalry between Facebook and Google just got juicier as characters behind the latest Silicon Valley drama evoked chatter of smear campaigns and secrecy.

Facebook hired a prominent public relations firm to try to plant stories harshly criticizing Google's privacy practices in leading news outlets. The efforts backfired when the firm approached a blogger who not only declined the assignment, but also went public with the exchange.

One lesson: If you're going to write an incriminating email, don't. Pick up the phone instead.

Here's another:

"If you are out there planting negative stories, you

are feeding the conflict," said Larry L. Smith, president of the Institute for Crisis Management, a public relations company. "When they get in a shoving match, whoever is perceived by the public to be the bully loses in the public eye."

Facebook, no stranger to privacy mishaps, criticizes Google for collecting and storing Internet users' information without their knowledge or consent.

Rather than getting news outlets to circulate stories about privacy problems facing Google, Facebook found itself having to answer questions about why it wanted to maintain secrecy.

Facebook said it never authorized or intended to run any smear campaign against Google. Rather, the company said it hired Burson-Marsteller to prompt investigations into how a new Google

service called Social Circle collects and uses data about people. In a statement, Facebook said it should have made it clear that it was behind the efforts.

Burson-Marsteller said Facebook had requested that its identity remain secret "on the grounds that it was merely asking to bring publicly available information to light." The firm said that violated its own policies, "and the assignment on those terms should have been declined." But it wasn't.

Google and Facebook are Silicon Valley neighbors with similar scrappy roots as startups.

Over the past few years, however, they have grown more competitive. Google is dominant in advertising but Facebook has the potential to draw ad dollars with its extensive knowledge of people's interests and social circles.

### BUSINESS BRIEFS

new york

#### Fixed mortgage rates hit low

Fixed mortgage rates have fallen to their lowest levels this year, giving Americans more incentive to buy homes or refinance their loans.

Freddie Mac says the average rate on the 30-year loan fell to 4.63 percent from 4.71. The average rate on the 15-year fixed mortgage slipped to 3.82 percent from 3.89 percent. Both are at their lowest points since December.

los angeles

#### Disney settles privacy charge

Walt Disney Co. has agreed to pay \$3 million to settle charges that online virtual

worlds once operated by its Playdom games division violated federal rules designed to protect the safety and privacy of children younger than 13 on the Internet.

The Federal Trade Commission charged that several sites, including one online virtual world targeting children called Pony Stars, illegally collected and disclosed personal information from thousands of children, in violation of the Children's Online Privacy Protection Act.

Some 821,000 children registered with Pony Stars from 2006 to 2010, according to the FTC. An additional 403,000 children provided their information to some of the 19 other virtual worlds operated by Playdom.

The fine comes as Reps. Joe L. Barton, R-Texas, and Edward J. Markey, D-Mass., last week vowed to introduce a bill to beef

up online privacy protections for children.

anchorage, alaska

#### Ocean drilling permits sought

Shell Oil as expected has submitted an offshore exploration plan for up to six exploratory wells in the Chukchi Sea off Alaska's northwest shore over the next two years.

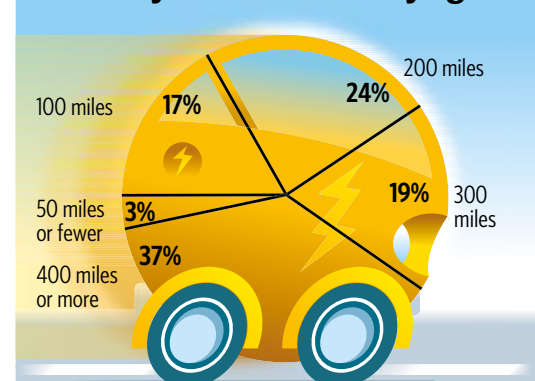
The plan was submitted Thursday to the Bureau of Ocean Energy Management Regulation and Enforcement. Shell had announced its intentions last week.

Shell Alaska spokesman Curtis Smith says the company remains hopeful the agency will approve Shell's Chukchi exploration plan.

— THE ASSOCIATED PRESS

### BUSINESSFACT

What range does an electric car need for you to consider buying it?



SOURCE: DELOITTE SURVEY OF 1,007 DRIVERS 18 AND OLDER.

GANNETT NEWS SERVICE

