

Oral Testimony before the House Resources Committee – SB 21
April 1, 2013
Delivered by Joe Mathis

Good afternoon, Co-Chairs Feige and Saddler, and committee members. For the record, my name is Joe Mathis and I am the Vice President of External Affairs at NANA Development Corporation. I am also the founding president of the Alaska Support Industry. I appreciate the opportunity to provide public testimony today regarding SB 21. On behalf of NDC and also in my role as Alliance Board member emeriti, I am here to say that we support the passage of SB 21 currently before this body.

Our NANA companies have been meeting the needs of the oil and gas sector for close to four decades. In 2012, we employed close to 5,000 Alaskans (I repeat 5000 employees)and more than 1,600 NANA shareholders. Through our business operations we generate income and are able to deliver valuable benefits back to our shareholder owners.

NANA shareholders have made significant investments in the oil industry over the past 40 years. We hold a small ownership interest in the Endicott Oilfield for over two decades, have invested in new facilities and equipment at Deadhorse for NANA Oilfield Services, and have invested heavily to construct new fabrication facilities in the Mat-Su Valley, specifically designed for oil field modules. Through these business activities, our shareholders and other Alaskans have been afforded the opportunity to hold hundreds of good-paying jobs, as well as the opportunity to receive extensive job training.

Oil industry investment fuels the contracts for the NANA companies, and the jobs those contracts create. We are seeing these opportunities go to places in the Lower 48- like North Dakota and Texas – where the oil industry is booming. In fact, our subsidiary (NMS) has opened a Houston office to pursue work in Texas; and we've had to look to places outside of Alaska for investment opportunities in oil and gas.

Simply put, Alaska's current investment climate is driving away business. We do not have a lack of oil in Alaska; we have a lack of investment. We have heard that the industry has billions of dollars in

projects that could be done in Alaska if the tax structure was more competitive- projects that would increase oil production, but more importantly, projects that our NANA companies have the skills, experience and expertise to carry out. This isn't an industry where we have to look for out-of-state personnel to meet the industry needs. We have a homegrown workforce, a workforce from all parts of the state- rural and urban.

We need to pull together to make sure we have a stable economic climate to serve our citizens both today, and well into the future. SB 21 will set the stage for that continued development for our economy. We believe that work done by the Senate, and this body, will produce a viable and fair tax policy both for the State, Alaskans and the producers

However, It would be remiss of me, as founding president of the Alaska Support Industry Alliance, if I did not address the need for an emphasis and language in this bill to insure that the producers are hiring competitive Alaska contractors... for the needed infrastructure and services to bring more oil to production.

If we have Alaska homegrown contractors not out of state and out of country contracts performing the work, they will insure Alaska content.

Like Machu Picchu, Peru, the Inca Empire's hidden gem that went undiscovered for 5 centuries, we have hidden gems in our vast "Greatland" ...- gems that are waiting to "reveal " their fruitful benefits to our State. Significant oil and gas tax reform will make revelation.

Thank you



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