

Linda Hay

From: Kelly Walters <uskwalt@coloplast.com>
Sent: Wednesday, April 03, 2013 4:03 PM
To: Linda Hay
Subject: Public Testimony for SB21 in the House Resource Committee

Chairman Feige,

Please add my comments to the House Resource Public Testimony:

I strongly object to Governor Parnell's SB21. Voting for SB21 trashes the memory of Jay Hammond and Walter J. Hickel. Both were great Republican leaders who NEVER would have agreed to giving \$ billions of our oil resource wealth away with no strings attached. Both leaders believed strongly in the Owner-State which makes Alaska unique and different from every other state. We must figure out how to fill the pipeline, but doing NOTHING is better than drastically and PERMANENTLY lowering our current tax structure with no ties to increased production.

If this gargantuan giveaway passes, it will NOT be able to be remedied in the future. For that to happen, we would need a pro-Alaska House and Senate and Governor. Never forget, the stars had to align before Alaska could finally grab a fair share of their oil wealth. We needed the FBI to sweep through and indict 10% of the legislature. We needed a governor like Sarah Palin who campaigned on an anti-corruption platform in order to redo the corrupted PPT that was responsible for several legislators' prison sentences. We needed Senate President Lyda Green, who opposed ACES, to allow it to come to the floor for a vote. There are so many incredible little things that had to happen for ACES to pass.

At the very least, put a SUNSET CLAUSE in the bill to return to ACES in 4-5 years if production doesn't increase by a minimum of 10%. That is reasonable and if you're not willing to sunset this massive "CRAPSHOOT" (according to Senator Kevin Meyer) than maybe you ought not pass this bill at all. It will absolutely bankrupt this great state.

The Organization for Economic Cooperation and Development, OEDC are forecasting Brent Crude to be \$270 per barrel within seven short years. At that price and the state forecasted throughput of TAPS, Alaska, under ACES, would earn \$23.5 BILLION DOLLARS in a single year. That's HALF the value of the Alaska Permanent Fund.

Governor Parnell and pro-billion-dollar-giveaway legislators have created the very uncertainty that the oil companies have complained about in the past. This is certainly part of the reason for development hesitation from the Big Three. If a fancy new suit from Nordstrom sells for \$1000, and the salesman told you it would be half price in a few months, you'd wait. And so are our Big 3 Producer-Partners when it comes to filling the pipeline.

We should be more like Norway. Their leaders told our leaders, "...of course the oil companies ask for tax breaks. We just don't give them any!" Norwegian legislators swore an oath to their constitution, just like Alaskan legislators did. Oil company lobbyists and CEOs swore an oath also-- to their shareholders. The Alaskan People are your shareholders. Your oath was sworn for our best interests which are articulated in our great state constitution.

Keep ACES intact with modifications to creat new production. This isn't rocket science. Any oil tax reduction must be tied to New Production. Any new tax reform should not break the bank. In Iraq, ConocoPhillips bid less than \$2 per barrel to develop the Rumallah oil field.

Keep progressivity. Alaska is an Owner-State and we deserve to reap the benefits along with our Producer-Partners when oil prices are high.

Listening to some people testify I have concluded that advertising WORKS even when it's a lie.

Make Alaska Competitive and AOGA have said repeatedly that Alaska has the highest taxes in North America. That isn't true.

At \$100 per barrel:

Mexico has a 94% tax.

Louisiana has an 86% total government take.

Gulf of Mexico Off-Shore has a 79% total government take.

Texas has a 76% Gross total take from barrel one.

Alaska has a 76% NET PROFITS TAX. That's FIFTH not highest tax.

Texas is BOOMING and their tax is higher than ours at \$100 per barrel.

ConocoPhillips made between 5 and 10 times more profit per barrel in Alaska in 2012 than The Lower 48. ConocoPhillips told their investors that Alaska was a CASH COW!

Prior to ACES, 15 of 19 North Slope fields had a zero percent tax. Production still declined. This is why the Governor's plan is a grave mistake. Clearly, based upon well-known state data and decades of history and experience, taxes have little to do with investment. There are other more important and urgent factors that experts have discussed. Experts we have NOT HEARD FROM THIS SESSION!

Under ACES, we have three years of consecutive record north slope employment.

Prior to ACES, 19 companies filed North Slope Tax Returns. Last year, in 2012, 69 companies filed North Slope Tax Returns.

During the senate resource public testimony, I heard someone mention they were testifying from the Chamber of Commerce. Apparently they didn't pay any attention to the debate that Sen. Wielechowski had with Chamber President Andrew Halcro. Mr. Halcro didn't dispute a single FACT Senator Wielechowski cited. And Senator Wielechowski used the state's own data to prove that ACES is working for the mutual benefit of both our oil partners and our great state of Alaska. Perhaps we need to shore up our security when oil prices are low and perhaps we could cap progressivity at \$150 per barrel-but new legislation that trashes ACES is just wrong and anti-Alaskan.

In summation, Alaskans are overwhelmingly opposed to a billion dollar giveaway. If you change ACES and we have no new long term production and the state is in the red, please understand there is NO GOING BACK. You most certainly will NOT (as Representative Millet believes) be able to adjust it upwards in a few years.

Remember, ACES passed due to the 10% of our legislators being indicted by the FBI for their involvement with the CBC. At the time, Governor Palin campaigned on an anti-corruption platform. Senate President Lyda Green, who opposed ACES, allowed it to come to a floor vote and it passed.

The stars will NEVER align like that again. If SB21 passes, it will bankrupt Alaska and production will still decline.

Please support Alaska and the overwhelming will of the Alaskan people. Honor the memory of Jay Hammond and Walter J. Hickel.

Sincerely,

Kelly Walters
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