

Mary Ann Pease Testimony – House Finance Committee SB21

April 9, 2013

Thank you, Chairs Stoltze and Austerman for holding this important hearing and allowing public comment on tax reform. My name is Mary Ann Pease, Communications Director for Consumers Energy Alliance - Alaska.

I am extremely concerned about the staggering decline in Oil production – We are down from a peak of over 2 million barrels a day to a little over 500 thousand barrels today and this rate continues the downward spiral decline of 5 - 7% per year during times of increasing oil prices.

Last Thursday, I attended the Alliance breakfast meeting and heard from Lydon Ibele as he described “My Bakken Adventure.” What a wakeup Call to the public and policy makers here in Alaska. Here are a few takeaways from that speech:

- The rapid growth and production of the Bakken is incredible
- ND has the 4th lowest tax rate at 9.8% and they are on a path of unprecedented prosperity and economic growth and development.

- We in Alaska need to once again become number 1 in terms of oil production! Texas, ND., California and Alaska is now in 4th place in terms of oil production. You, the Legislature, have that opportunity to reform taxes and enable our economy to grow and prosper.

High oil prices coupled with new technology have created a boom in the oil and gas industry across the country and world. Alaska, however, is missing out on this boom, and it is no secret why: Alaska's oil taxes are too high, and companies are taking their investment dollars elsewhere.

We need more oil in the pipeline to maintain jobs and strengthen the economy. The Alaska State Legislature must take action now to correct the problem.

The rates and progressivity structure of Alaska's current tax regime provide a disincentive to attracting risk capital to the state as evidenced by declining production during times of high oil prices.

Increased investment through increased global competitiveness will enhance Alaska's ability to fulfill its

constitutional mandate to develop natural resources for the maximum benefit of the people.

We certainly need to show the oil and gas industry that we are open for Business and serious about keeping, growing and expanding that business by making meaningful Tax Reform happen Now!