

so much depends

upon

a red wheel

barrow

glazed with rain

water

beside the white

chickens.

That poem is by Dr. William Carlos Williams and is called The Red Wheelbarrow. When it was first published in 1923 it was determined to be revolutionary in its simplicity. I like it, even though I don't fully understand it.

Like the red wheelbarrow, the issue of oil tax credit reform is simple and so much depends on the Alaska State Legislature bravely passing oil tax credit reform as part of a sustainable fiscal plan. I support HB 247. I do not support CS HB 247 Resources. I hope what comes out of this committee is closer to HB 247 than CSHB 247.

So much depends on fixing this 800 million dollar problem. If we leave this tax credit system in place and wind up paying more for oil tax credits than we receive in oil tax income, Alaskan residents will be paying corporations their dividends, they will likely be paying corporations an income tax and they won't be happy not one bit.

So much for industry depends on a reasonable give and take here. Our economy cannot withstand \$800 million dollars a year in tax credit payments at this time. When our roads are full of potholes, our classroom sizes are increasing, our teachers are getting laid off, our public safety is underfunded, our fish and game harvest is restricted due to management cuts, and we are paying an income tax, how many years will it be before a legislative majority comes forward that will claw back lost revenue some how some way? Not many years I would think.

So much depends on a vibrant economy in Alaska and a healthy oil industry. Lets meet in the middle and come up with a plan. This spring.

Another famous poem, this one by William Butler Yeats, talks of "Turning and turning in the widening gyre". where "The falcon cannot hear the falconer"; and "Things fall apart; the centre cannot hold;"

The center here cannot hold. We cannot afford the current fiscal regime. We need to act this spring and part of this action needs to include reasonable modification of the oil tax credit system.

Thanks for your bravery and your hard work. So much is depending on it. It's national poetry month by the way.

Louie Flora

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HB-247 Public Testimony to House Finance on April 2nd, 2016

My Name is Bryan Clemenz, SVP at **Bristol Bay Industrial (BBI)**, testifying in opposition to HB 247.

BBI is a **Bristol Bay Native Corporation Company (BBNC)** which represents the Bristol Bay region, nearly equal in size to the state of Oklahoma. BBNC employs 4400 on the average and touches all markets in Alaska and beyond with business activities which include Construction, Government Service, Petroleum Distribution, Tourism, and, their largest market, Oilfield and Industrial Services. Our industrial service companies comprise the majority of BBNC's shareholder hire and wages. BBNC has dedicated more than 20% of their operating assets to this business line and intends to invest more provided a stable business investment climate prevails.

I represent **Bristol Bay Industrial (BBI)**, a wholly owned subsidiary of BBNC that is headquartered in Alaska. BBI's member companies, Kakivik Asset Management, CCI Industrial, and Peak Oil Field Service, are all based in Alaska and form one of the largest industrial presences in the state. BBI and its member companies together are the third largest oil and gas service provider in Alaska. Peak Oil Field Service Company alone is the third largest employer on the Kenai Peninsula. We excel in promoting Alaska content within our companies maximizing the economic benefits to Alaska and her people. We employ close to 1100 employees (168 Alaska Native hire), and we have invested nearly \$150 million in assets comprised of equipment, facilities and real estate primarily in Anchorage, Palmer, Nikiski, and the North Slope.

We have seen the tax policy work in Cook Inlet. It has provided a baseline business for companies like ours. Our current near term prospects are with developers and operators who have invested based on the current policy. These include new operators in the Cook Inlet area and "middle earth". The change jeopardizes the success of future development and the viability of our baseline business. BBNC and BBI are deeply committed to Alaska and investment in our industry, but the proposed bill creates fiscal uncertainty.

Alaska should maintain a policy that encourages investment and promotes a stable and durable tax structure. Regardless of differing views on industry tax structures today, stability is vital to endure. Business decisions require confidence in delivering predictable results. Changes would unquestionably bring yet another dimension of uncertainty diminishing our confidence in Alaska's commitment and policies.

BBNC is a significant investor in Alaska; and, like the oil companies or any business for that matter, we need certainty to remain committed for the long term. We ask that the State of Alaska also remain committed for the long term by promoting a stable pro-business policy. Don't change the rules, reject HB-247.