

April 14, 2016

Senator Pete Kelly
Senator Anna MacKinnon

Alaska Forest Association comments regarding SB 130

Dear Senators,

The Alaska Forest Association supports the current oil tax policy in Alaska

The Alaska Forest Association (AFA) is a non-profit business association that was formed in 1957 to represent the interests of the timber industry in Alaska. The AFA currently manages a pension program, a group health insurance program, a scholarship program for the timber industry and also sponsors the Sustainable Forestry Initiative program for Alaska.

According to the information provided by AOGA, many of the oil and gas businesses in Alaska are currently operating at or below a break even and raising their taxes at this time could result in job losses. The Alaska Forest Association does not support raising taxes on the oil industry while the industry is already struggling to remain profitable.

The timber industry in Alaska pays competitive rates for timber sales and, similar to the oil and gas companies, the stumpage rates are usually a small percentage of the overall cost of business. However, when market prices are low, the stumpage rates can mean the difference between operating and shutting down. Similarly, increasing oil taxes may result in oil and gas job losses in the short term and who knows how that will impact the industry in the long term.

We urge you to encourage more private business activity through efforts to create a more friendly business environment rather than increasing taxes. For instance, the State timber sales in Southeast Alaska are designed to be much less costly to operate than timber sales on adjacent federal land. These lower costs make State timber sales more profitable for both the timber industry and the State. That is one reason why we are seeking to establish a larger State Forest in Southeast Alaska. Perhaps the State can work with the oil industry to find similar savings so that the oil industry can increase production and employment.

Sincerely,

Owen Graham
Executive Director
Alaska Forest Association.