



May 15, 2016

Honorable Anna MacKinnon
Honorable Pete Kelly
Senate Finance Committee Co-Chairs
Alaska State Senate
Alaska State Capitol
Juneau, Alaska 99801

Dear Senator MacKinnon and Kelly,

Thank you for taking my written testimony on HB 247. I appreciate the time and effort the Alaska Legislature has taken listening and asking questions. It was a valuable process for the Legislature, but especially for the public.

The Alaska Chamber is an organization dedicated to improving the business environment in Alaska. The Chamber represents almost 700 businesses from Ketchikan to Barrow that employ over 100,000 Alaskans and we all share a common goal – to make Alaska a viable and competitive place to do business.

A few key observations during testimony that must not be overlooked is:

- Alaska's oil and gas industry contributes:
 - \$8 dollars for every \$1 dollar invested---that's over \$61 BILLION in taxes over the last 8 years alone to the state treasury
 - 51,000 private sector jobs
 - 60,000 public sector jobs
 - \$447 million in local property tax
 - \$6.450 billion in total wages
- Tax credits support investment in the State and those investments create jobs and bring revenue into the state.
- Current fiscal policy is competitive, with stable North Slope production and with new companies exploring for more.
- Credits for the companies operating in Cook Inlet have been vital to increasing energy supply in Southcentral (and Fairbanks).

After reviewing HB 247 the Chamber has concerns over the changes being proposed:

- Increasing the minimum tax by at least 25%
- The net operating loss - tax credits lose value
- Setting limits on credits – discouraging investments by smaller companies
- Eliminating Cook Inlet credits



- Significantly increasing interest rates
- Waiving confidentiality provision
- Increasing taxes through the change of the application of gross value at the point of production
- Increasing taxes on an industry in a cash-negative environment

Alaskans should fully understand all the ramifications of what new taxes will mean to them personally, to their employers, and the State's economy. The Administration must conduct statistical modeling of each proposal and engage subject matter experts to avoid any unintended consequences. Businesses will not invest in an undisciplined state that continually returns to taxation as an answer.

The Alaska Chamber believes that Alaska needs to provide a stable fiscal policy to incentivize companies to continue to do business in Alaska and attract new companies. The State of Alaska policy has been "open for business" and have encouraged new companies to explore for oil, gas and other natural resources----but we (the State) needs to invest in our ourselves for the long term not for a short term gain. Now is not the time to increase taxes.

Regards,

Curtis W. Thayer

Curtis W. Thayer
President and CEO