

**HB111 Supporting Document – Letters in Support 3.1.17**  
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**1.**

Thanks to Representatives Seaton and Foster, the House Finance and Resource Committee, and the House bipartisan majority coalition for their plan to secure a positive future for our state. House Bill 111 will restructure the oil and tax credit system to ensure the oil companies don't receive more than they pay. House Bill 115 will create a reasonable POMV draw, a small income tax, and a stable PFD system. All of these measures together will give us a sustainable plan to keep the state solvent and allow us to continue providing necessary state services. I appreciate the courage and vision of the sponsors and encourage all legislators to pass these bills.

Cheryl Lovegreen  
Anchorage

2.

February 27, 2017

Regarding HB111 and HB133:

A quote from Walter Hickel:

"Citizen ownership of the resources is essential to ensure that the citizens – and not Multinational Corporations or an elite few – will benefit from the development of those resources."

A quote from an April 27, 2016 ADN article by Jonathan Kreiss-Tomkins and Andy Josephson:

The state of Alaska will pay \$775 million this year to the oil industry in cash subsidy payments that are called oil and gas tax credits. There's another \$135 million in non-cash subsidies that reduce tax liability, which runs the total bill to over \$900 million.

The \$775 million in cash subsidies to the oil industry is more than the combined budgets of the Alaska Court System, Department of Corrections, Department of Military and Veterans Affairs, and Department of Fish and Game. Combined.

Put another way, if every Alaskan were to donate \$1,000 from their Permanent Fund dividend check and pool all that money, it would be roughly equal to the \$775 million in subsidies the oil industry receives from the state of Alaska.

It is my understanding that this year Alaska is paying out more in oil company subsidies than we are collecting in oil company taxes. It is my understanding that last year, due to low prices, many oil companies recorded losses in lower 48 states, but showed a profit in Alaska. I'm not an oil industry expert, and I don't know the full history of the oil tax credit legislation, but it doesn't take much expertise to see that something is extremely wrong with this system! When our state is in such deep financial crisis, how can filling corporate bank accounts be justified???

Regardless of party affiliation, each and every legislator works for the owners of the resource, the people of Alaska. Pass both HB bill 11 and HB133! Cut oil company subsidies and raise oil tax rates! If you fail to do so, Alaskans could end up paying taxes and/or giving up a portion of their permanent fund earnings to pay off what current law has us OWING to oil companies! I support balancing our budget with income taxes and permanent fund dividend cuts, but only if not a single penny of it is used to pay off DEBTS to oil companies!

Sincerely,

Ann Agosti-Hackett

Fritz Creek, AK 99603

**3.**

**Subject:** HB 111

The answer to our fiscal crisis has been evident, though difficult, for years and gets worse each year. Since the years I worked for Gov. Hammond and Senator Sturgulewski, it has been clear that fiscal sanity means a combination of Permanent Fund stewardship, income taxes and getting the most from the state's resources, including oil.

HB 111 addresses rectifying the unbalanced approach to our oil tax regime by curtailing a system of cash credit payments for business operating losses that the state is required to make. It would increase the minimum production tax level from 4% to 5%, (I would support an even higher rate such as 6%) scale back a massive tax credit for net operating losses, and hamper the ability of a company to use tax credits to shirk the minimum tax level.

These reforms are important. They will not solve the state's deficit, but they make financial and psychological sense – passing comprehensive oil tax reform will bolster other fiscal reform efforts. **How can you ask Alaskans to pay an income tax, or a statewide sales tax, or lose their dividend so they can help pay for millions of dollars in direct cash payments to a for-profit company undertaking normal, for-profit business operations?**

**Please support passage of HB 111.**

**Margo Waring**

#### 4.

Dear Alaska Legislators,

My husband, Ben came to Alaska in high school in the early 90's, when his dad was stationed at Elmendorf. I came to AK in 2001 for graduate school at UAF. We met while he was building barracks on Ft. Wainwright and I was in my 4th year of teaching.

I'd like to take a moment to illustrate how the oil & gas subsidies have indirectly and profoundly affected my life and those of my family members. While oil revenues have surely helped the economy of Alaska over the span of decades, they have also crippled our state. We have placed all our eggs in the petroleum basket and let our ingenuity atrophy. We placed corporations over people, this is not unique to us. It is a national, even global trend, with the hopes of everlasting profit. No decent financial advisor would suggest a dependence on a singular investment.

As a respected, veteran educator, who took time off to be home with my boys while they were little, I look at re entering a scene that scares me. I may not get the full time job I seek with the major cuts being proposed for education. There simply may not exist an open position. I know what research says about class size. It matters. I've seen amazing teachers burn out. I don't want my children to be crammed in classes with burned out teachers. I don't want to be a burned out teacher. I've walked that line already. When I stepped away from teaching full-time seven years ago, I had between 28 & 33 kids in my 6th grade, Title 1, elementary classroom. I say between 28 & 33 because the number changed from week to week due to the highly transient population of the area the school served. The idea of class sizes going up from there is devastating from every perspective.

My husband is in construction management, a home grown graduate of Colony High School. He was a project manager on the team that completed the Ted Stevens International Airport retrofit project in 2009 - under budget and under time. He was on the SLAM team, built barracks, a fighter jet training facility, and more around the state. With the lack of big capital projects on the horizon his company has pulled out of Alaska and taken many of its talented engineers, project managers and superintendents with it. We left.

We love Alaska deeply. We've served on non-profit and municipal boards as we've lived around the state during our combined 35 years there. I was working on my principal certification. Having seen hard financial times as a child, financial security and a tailor fit education for our kids are priorities. We left AK with my husband's employer in April. We hope to return. We would love to continue to raise our boys at home and maintain our outdoor lifestyle. We do not see that in a future where the state is behind the times and isn't investing in more in cleaner energy already, refuses to diversify its investments and continues to give away what oil it has at its own expense. We do not see a future in a state that salivates at the idea that the government will someday allow it to drill and mine it to death.

We would love to see a state that revives its ingenuity and envision a place that is at the forefront of clean energy, well managed renewable resources and invests in education. A place that supports individuals and families alike.

Please consider looking at the progress made in states like Minnesota, where a tax system has been created that supports the state effectively. It has not hindered the economy, but instead spurred its growth.

Thank you for your time and dedication to serving the state. I understand your public service is a complex set of tasks. I wish you well and hope you seek to find balance.

Sincerely,  
Harmony Lanen Roll M.Ed.

Sent from my iPhone

5.

**From:** Ronald Smith

**Sent:** Wednesday, March 01, 2017 2:04 PM

**To:** House Resources <lhsres@akleg.gov>

**Subject:** oil production tax credits

To whom it may concern:

I am strongly in favor of modifying existing legislation relating to tax credits to petroleum exploration and production companies. It is ridiculous that the state pays more in exploration and production incentives than it takes in in taxes, This must stop, especially in the budget climate in which the state finds itself. We must close this idiotic loophole and reduce the state's liability. This would be my top priority in working for a balanced budget for Alaska.

Sincerely,

Ronald L. Smith  
Fairbanks, AK 99709



6.

From: Helen Nienhueser

Sent: Wednesday, March 01, 2017 4:43 PM

To: [Rep.Andy.Josephson@ak.leg](mailto:Rep.Andy.Josephson@ak.leg); Rep. Geran Tarr <[Rep.Geran.Tarr@akleg.gov](mailto:Rep.Geran.Tarr@akleg.gov)>

Cc: Megan Rowe <[Megan.Rowe@akleg.gov](mailto:Megan.Rowe@akleg.gov)>; Thatcher Brouwer <[Thatcher.Brouwer@akleg.gov](mailto:Thatcher.Brouwer@akleg.gov)>

Subject: Testimony on HB 111

I support the intent of HB 111 and the long and short terms goals as described by consultant Rich Ruggiero in today's House Resources Committee's meeting. I recognize that the original idea behind tax credits was a good one at the time, that we cannot today afford the cash payments that our existing statutes require, and that fixing the problems is complex. I support the proposed changes Mr Ruggiero suggested and the House Resources Committee. Is considering, as summarized by HrC co chair Geran Tarr at today's meeting. I also recognize that our legislators lack sufficient information to make the best decisions because the information is confidential. That must change. As a long time former AK Dept. of Natural Resources Natural Resources manager I have a great del of respect for the Div of Oil and Gas. I understand the industry's desire for confidentiality but it is in their interest as well as that of all Alaskans. That our legislators have access to needed data. I urge you to work with the Div of Oil and Gas on. A comprehensive data transparency program.

Passage of this bill is critically important as part of a package the Legislature must put together this year and which must also include PF restructuring (preserving the dividend to the extent possible) and income taxes. The public needs to know that the oil industry is contributing too; at present many do not believe the oil industry is contributing its fir share and that creates resistance to a lower dividend and income taxes.

Helen Nienhueser

Anchorage

Sent from my iPad

