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February 23, 2017

Representative Geran Tarr
Representative Andy
Josephson
House Resources Committee
Co-Chairs Alaska House of
Representatives
State Capitol,
Rm 124
Juneau, AK
99801

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Ave., Suite
201,
Anchorage, AK
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alaskachambe
r.com

Re: Opposition to House Bill 111 - Oil & Gas Production Tax; Payments;

Credits Dear Representatives Tarr and Josephson:

The Alaska State Chamber of Commerce (Alaska Chamber) strongly opposes the current versions of both House Bill 111, that would once again change Alaska's oil and gas tax structure.

The mission of the Alaska Chamber is to promote a positive business environment in Alaska. We represent hundreds of businesses, manufacturers and local chambers from across the state. A vital aspect of a healthy business environment is certainty, especially when it comes to tax policy. The Alaska Chamber is already seeing businesses in other sectors holding back given the uncertainty of the State's fiscal situation. Making and keeping Alaska competitive on a national and global scale is critical to Alaska's long-term sustainability.

HB 111 is just another in a long line of bills attempting to change Alaska's oil and gas taxes. In the last 11 years alone there have been six changes to Alaska's oil and gas taxes. The latest change, House Bill 247, was just signed into law by the Governor last July with many of its provisions having yet to take effect.

While there is little that can be done about the volatility of oil prices, we can stabilize our policies.

The Alaska Chamber opposes any effort to increase oil and gas taxes. We need a positive investment climate that provides certainty and stability for statewide oil and gas activities.

Sincerely,

Curtis W.
Thayer
President &

2.

Dear Representative Geran Tarr:

I just wanted to contact you to as you are a voice for Alaskans. It is important not change our tax structure yet again, and to keep a system in place that both brings in revenue to the state and encourages investment and exploration which leads to increases in production.

I appreciate your time.

Teena Applegate

3440 Hines Circle, Anchorage AK 99516

3.



1016 W. Sixth Ave, Suite
303

FOR IMMEDIATE RELEASE

Anchorage, AK 99501

February 22, 2017

ANCHORAGE CHAMBER OPPOSES HB111

ANCHORAGE, AK - The Anchorage Chamber of Commerce today announced opposition to House Bill 111, a bill aimed at altering production taxes on the oil and gas industry for the seventh time in 12 years. The Anchorage Chamber of Commerce is a strong advocate for a solution to the state's ongoing fiscal crisis, which will need to involve reductions in government spending, a restructuring of the permanent fund, and possibly a new broad-based tax. The Anchorage Chamber has consistently advocated for a fair, competitive, and stable oil tax environment as foundational to Alaska's economic stability. In response to the introduction to this bill, Anchorage Chamber of Commerce Chairman JR Wilcox issued the following statement:

"There is an urgent need for the legislature to take responsible and decisive action during this legislative session to address the state's serious fiscal problems. The gap between government revenue and expenditure is manifestly unsustainable, and the failure to resolve the issue is creating a damaging climate of uncertainty for the state's business community. Trying to address the fiscal crisis through another change to the production tax system will only compound our economic and budgetary problems. This would curtail much-needed investment in the oil & gas sector and distract from the urgent matters at hand. Only through encouraging investment will we increase production, resulting in a vibrant economy and more government revenues."

The Anchorage Chamber will continue to oppose tax increases on the oil and gas industry and actively advocate on behalf of its members on the importance of creating a stable business climate.

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ABOUT THE ANCHORAGE CHAMBER OF COMMERCE

The Anchorage Chamber of Commerce is a non-profit, member-driven business organization with more than 900 members representing more than 54,000 employees. For over 100 years, the Anchorage Chamber has served as a resource where members can gain business knowledge, insight and strength. More information about the Anchorage Chamber is available at AnchorageChamber.org or by calling (907) 272-2401.

Press Contact: Tosha Kelly

4.

From: Erica McCaslin

Sent: Tuesday, February 28, 2017 3:38 PM

To: Rep. Andy Josephson <Rep.Andy.Josephson@akleg.gov>; Rep. Geran Tarr <Rep.Geran.Tarr@akleg.gov>; Rep. Dean Westlake <Rep.Dean.Westlake@akleg.gov>

Subject: HB111 - vote NO

Please do not support HB111. Oil companies will chose to further reduce spending in the state and negatively impact the economy.

Thanks,

Erica

5.

Subject: No to HB 111

Good Morning Representative Tarr,

North Star Terminal and Stevedore Co LLC has been operating in Alaska since 1950. Much of our survival is dependent on a healthy oil and gas industry. In fact, the State's fiscal solution is the oil and gas industry. We cannot continue to change our tax policy that negatively effects oil and gas investment in Alaska. We need increased oil production now more than ever, raising taxes will kill investment that leads to increased production.

Be a Statesman not a short term politician and oppose HB 111.

Respectfully Requested,

Steve Post

RDC Board Member

Steve Post

Vice President

Anchorage, AK 99501

6.

Sent: Wednesday, March 01, 2017 12:45 PM

To: House Resources <lhsres@akleg.gov>

Subject: HB111

Well, that was the worst word problem I have ever encountered. Not because the math was so difficult, but it is so poorly worded. As far as I can tell, this bill simply restructures the penalties on oil & gas producers who are already delinquent in paying their taxes. It has no repercussions for not paying taxes, allows permanent credits, and continues to allow the oil & gas producers to reduce their tax burden through exploration write-offs. For some bizarre reason, if the oil & gas producers get lucky, and the value of their product goes up, the tax on their product goes down. Does not sound to be designed to get Alaskans their fair share of oil revenue.

Joseph Richardson
of Juneau, Alaska

7.

From: Carrie Currey

Sent: Wednesday, March 01, 2017 1:16 PM

To: House Resources <lhsres@akleg.gov>

Subject: Opposing bill 111

Please stop demonizing our oil companies.

These are financially precarious times in Alaska. There is absolutely no need to change, tweak, or modify the current tax structure for oil exploration.

It is not necessary, it will result in harming our economy.

Vote No on House Bill 111!

Sincerely,

Carolyn and Kirk Currey

8.

From: Jason Ward

Sent: Wednesday, March 01, 2017 3:46 PM

To: House Resources <lhrsres@akleg.gov>

Subject: Oppose House Bill 111

Dear committee members,

I am writing to oppose House Bill 111. As drafted, the bill will undoubtedly kill jobs and investment in our state at a time when we need them most. The basic rule of economics tells us that raising taxes on an industry when oil prices are low and companies are struggling will lead only to fewer oilfield projects being funded in Alaska, and a return to declining oil production. These negative developments will further harm our already fragile Alaska economy. Please consider voting NO on this job-killing piece of legislation.

Thank you,

Jason Ward

Anchorage, AK

9.

From: Daniel Bearden

Sent: Wednesday, March 01, 2017 4:09 PM

To: Rep. Andy Josephson <Rep.Andy.Josephson@akleg.gov>; Rep. Geran Tarr <Rep.Geran.Tarr@akleg.gov>; Rep. Dean Westlake <Rep.Dean.Westlake@akleg.gov>; Rep. Harriet Drummond <Rep.Harriet.Drummond@akleg.gov>; Rep. Justin Parish <Rep.Justin.Parish@akleg.gov>; Rep. Chris Birch <Rep.Chris.Birch@akleg.gov>; Rep. DeLena Johnson <Representative.DeLena.Johnson@akleg.gov>; Rep. George Rauscher <Rep.George.Rauscher@akleg.gov>; Rep. David Talerico <Rep.David.Talerico@akleg.gov>; Rep. Mike Chenault <Rep.Mike.Chenault@akleg.gov>; Rep. Chris Tuck <Rep.Chris.Tuck@akleg.gov>

Subject: HB111

Dear House Resources Committee Members,

Do not pass HB111. My job and that of many of my team will be at stake. I am the drilling engineering supervisor for Kuparuk at ConocoPhillips. As individuals, we contribute a healthy amount to the Alaskan economy, but took pay cuts in 2015 and again in 2016. We have been through 3 rounds of layoffs since January 2015. Each time, I was forced to lay off a valued member of my team. ConocoPhillips is still performing a good amount of development drilling at Kuparuk and Alpine. However, HB111 is a massive threat to the economics of my drilling projects. I know that further consolidations would then be made, and several more of my team members will face layoffs or relocation to Houston - where drilling projects in the L48 already compete much better for Capital dollars than Alaska does. HB111 will make Alaska less competitive and drive oil company investment down south.

I have lived in Alaska since 2002. I have a good salary in Alaska. I shop local, I pay high property taxes, and contribute much of my income to the Alaskan economy. Please don't make me relocate to Texas by passing HB111.

Thank you for NOT passing HB111.

Daniel Bearden
Anchorage, Alaska

10.

From: Cox, Bob

Sent: Wednesday, March 01, 2017 4:17 PM

To: Rep. Andy Josephson <Rep.Andy.Josephson@akleg.gov>; Rep. Chris Tuck <Rep.Chris.Tuck@akleg.gov>; Rep. Mike Chenault <Rep.Mike.Chenault@akleg.gov>; Rep. David Talerico <Rep.David.Talerico@akleg.gov>; Rep. George Rauscher <Rep.George.Rauscher@akleg.gov>; Rep. DeLena Johnson <Representative.DeLena.Johnson@akleg.gov>; Rep. Chris Birch <Rep.Chris.Birch@akleg.gov>; Rep. Geran Tarr <Rep.Geran.Tarr@akleg.gov>; Rep. Dean Westlake <Rep.Dean.Westlake@akleg.gov>; Rep. Harriet Drummond <Rep.Harriet.Drummond@akleg.gov>; Rep. Justin Parish <Rep.Justin.Parish@akleg.gov>

Cc: Brandy Dixon

Subject: HB 111

Members of the Alaska State House Resources Committee:

I am writing today in opposition to HB 111. A healthy oil and gas industry is vital to the Alaska economy and I fear that yet another change in tax policy will make Alaska a less attractive place for these companies to invest in the future.

After years of study and debate, after tinkering with changes to oil and gas tax regime for 11 years, Alaskans came together to support SB21. Let that stand for now and, in my opinion, for at least 5 years, so we can understand the full impact and effect of that tax structure. With a fair and stable tax regime, I believe the industry will continue to explore and expand, benefiting all Alaskans.

I am fully aware of the State's massive budget deficit and I advocate that the legislature address it head on. However, going back to the well, so to speak, and jacking up taxes on the industry that is so vital to our economy, is reckless and foolish.

Respectfully,

Bob

Robert E. Cox

Vice President | Crowley Fuels LLC



11.

From: Greg Beischer

Sent: Tuesday, February 28, 2017 12:04 PM

To: Rep. Andy Josephson <Rep.Andy.Josephson@akleg.gov>; Rep. Geran Tarr <Rep.Geran.Tarr@akleg.gov>; Rep. Dean Westlake <Rep.Dean.Westlake@akleg.gov>; Rep. Harriet Drummond <Rep.Harriet.Drummond@akleg.gov>; Rep. Justin Parish <Rep.Justin.Parish@akleg.gov>; Rep. Chris Birch <Rep.Chris.Birch@akleg.gov>; Rep. DeLena Johnson <Representative.DeLena.Johnson@akleg.gov>; Rep. George Rauscher <Rep.George.Rauscher@akleg.gov>; Rep. David Talerico <Rep.David.Talerico@akleg.gov>

Cc:

Subject: HB111 Oil Tax Policy Reform

Dear Members of the House Resources Committee,

Alaska's Oil Tax Industry does not need reform. It is working exactly as the prior administration intended. The current policy attracts investment to the State of Alaska and has already resulted in recent discoveries. The way to increase revenues is to increase oil production. In my view it is far better to be patient, and let the current policy continue to work. It is better to show the industry that Alaska is stable and that it wants the investments that keep the oil industry, and therefore our state, thriving.

I have heard that many of the environmental groups are supporting HB111. This should tell you something. Their goal is not to achieve fiscal stability. Their goal is to stop resource development. This state depends almost completely on resource development. We can no longer afford to accommodate anti-development zealots. This state is teetering on the edge of an economic abyss. A serious tax increase could push this state right over the edge.

As a resource developer and as a private citizen I urge you not to make any changes to the current Oil Tax Policy. Oil companies can operate anywhere in the world. They have a choice. Please do not drive away the business upon which so much depends for Alaska. The oil renaissance for Alaska is just getting started. Tax stability is key to making it happen.

Gregory A. Beischer

President & CEO

Millrock Resources Inc.

www.millrockresources.com



12.

From: Saleutogi Letuligasenoa [<mailto:togiletuligasenoa@gmail.com>]

Sent: Tuesday, February 28, 2017 2:04 PM

To: Rep. Geran Tarr <Rep.Geran.Tarr@akleg.gov>

Subject: HB111

Dear Representative Tarr,

My name is Togi Letuligasenoa and I am a life-long Alaska, born and raised in Fairbanks. I have worked at the same construction company since I was 14 years old. Our company has a division which performs oil field service, support and equipment rental in Prudhoe Bay and Kenai. In our current economic market, we have seen a revenue decline of approximately 30% for services and rentals. We have been told to expect another 10% decline this calendar year. I believe that increasing the oil production tax by any percentage would continue this downward spiral and make Alaska's oil noncompetitive in the national and global market. Our pipeline is aging and facing many problems due to low utilization that we have not encountered before. We, as a state, need to figure out a tax structure that increases the amount of oil in the pipeline. I understood why HB247 was passed, I understand that we do not have any money for tax incentives and exploration credits. I also believe that we have yet to understand the full economic impact that HB247 will have on producers, which is the exact reason why we should not be introducing another tax bill. I urge you to please vote no on HB111. I appreciate you taking the time to read this letter, let's continue to find a way to keep Alaska's oil competitive.

Sincerely,

Togi Letuligasenoa

13.

From: Genevieve Schok

Sent: Tuesday, February 28, 2017 2:29 PM

To: Rep. Andy Josephson <Rep.Andy.Josephson@akleg.gov>; Rep. Geran Tarr <Rep.Geran.Tarr@akleg.gov>; Rep. Chris Tuck <Rep.Chris.Tuck@akleg.gov>; Rep. David Talerico <Rep.David.Talerico@akleg.gov>; Rep. Harriet Drummond <Rep.Harriet.Drummond@akleg.gov>; Rep. Mike Chenault <Rep.Mike.Chenault@akleg.gov>; Rep. George Rauscher <Rep.George.Rauscher@akleg.gov>; Rep. DeLena Johnson <Representative.DeLena.Johnson@akleg.gov>; Rep. Justin Parish <Rep.Justin.Parish@akleg.gov>; Rep. Dean Westlake <Rep.Dean.Westlake@akleg.gov>
Cc: Rep. Adam Wool <Rep.Adam.Wool@akleg.gov>; Rep. Adam Wool <Rep.Adam.Wool@akleg.gov>; Sen. Click Bishop <Sen.Click.Bishop@akleg.gov>

Subject: Testimony on HB 111

All,

Please submit this as public testimony on HB111. Feel free to contact me with questions. Thank you for your consideration.

As you listen to debate on HB 111, please keep in mind the effect that dis-incentivizing our biggest industry has on small businesses. Flowline Alaska is right in the Heart of Fairbanks and we service the needs of the producers by providing corrosion coatings, pipeline insulation and spool welding, among other things. I like to think of our employee parking lot as a barometer for the economy in Fairbanks, and when the Legislature raises taxes on Industry, those taxes have consequences. Instability in taxes have consequences as well, none on the positive side. Raising taxes equals empty employee parking lot. Instability in tax structures equals empty parking lot.

After ACES, we had a sharp downturn in work. Measureable.

After SB 21 we saw an uptick in work, companies investing and exploring again. In the past year or so of commodity prices hitting record lows, we see our clients fighting for investment dollars to spend in Alaska (a very high-cost state).

If we change Oil tax structures AGAIN for the 7th time in less than a dozen years, I am not optimistic about further investments. SB 21 has worked to spur investment and incentivize companies to come to Alaska; why would we consider sending a message that we are closed for business?

Please remember that when you take away money from the private sector to fund the public, it hurts those of us that employ YOUR constituents and the local vendors we use.

Like clockwork, every other year we have to keep lobbying the legislature for the right to work; please keep Alaska competitive by tossing HB 111 in its entirety and fund our bloated government another way.

Frankly, you should be working towards **growing the pie**, incentivizing the industry, paying companies what we LEGALLY OWE them, NOT taxing them more.

Sincerely,

Genevieve Schok Jr.

Flowline Alaska

Fairbanks, AK 99701

14.

From: Steven Gieryic

Sent: Wednesday, March 01, 2017 7:09 AM

Subject: Please Do Not Pass HB111

As a concerned Alaskan resident I urge you to not pass HB111.

- HB111 moves Alaska in the wrong direction by increasing taxes in an already high cost environment.
- HB111 makes Alaska less competitive and could drive investment to other places.
- If passed, HB111 will be the seventh oil tax law change in 12 years and the third since 2013. Stability matters.
- Under SB21, the State always has the highest percentage of net revenue. In fact, when industry is losing money, the State still has positive revenue. HB111 would simply increase State take even higher.
- In 2016, COPA made \$233 million in adjusted net income. We incurred \$490MM in estimated taxes and royalties to the State (\$537MM when the federal piece is included) – over twice our earnings. We have been a significant contributor to State revenues, even at current low oil prices. Since 2007, we have paid over \$26 billion to the State in taxes and royalties and over \$34 billion when the federal government is included.
- Increasing taxes could result in less investment, less production, less revenue to the State and fewer jobs. Every oil company job supports about 20 jobs in the State economy.
- The oil industry has historically provided about 88% of the State's General Fund. Even at today's low oil prices, the industry is still providing about 67% of the General Fund revenues. Attempting to balance the State's budget through increased oil taxes will not fix the budget deficit, but will hurt the State when industry investment declines.
- SB21 has placed Alaska in a competitive position and is working. Since its passage in 2013 (and approved by voters in 2014), it has spurred increased investment, production, jobs and revenue to the State. Let it continue to work.

Thank you,

Steve Gieryic

15.

From: scott brunswick

Sent: Wednesday, March 01, 2017 8:27 AM

To: Rep. Andy Josephson <Rep.Andy.Josephson@akleg.gov>; Rep. Geran Tarr <Rep.Geran.Tarr@akleg.gov>; Rep. Dean Westlake <Rep.Dean.Westlake@akleg.gov>; Rep. Harriet Drummond <Rep.Harriet.Drummond@akleg.gov>; Rep. Justin Parish <Rep.Justin.Parish@akleg.gov>; Rep. Chris Birch <Rep.Chris.Birch@akleg.gov>; Rep. DeLena Johnson <Representative.DeLena.Johnson@akleg.gov>; Rep. George Rauscher <Rep.George.Rauscher@akleg.gov>; Rep. David Talerico <Rep.David.Talerico@akleg.gov>; Rep. Mike Chenault <Rep.Mike.Chenault@akleg.gov>; Rep. Chris Tuck <Rep.Chris.Tuck@akleg.gov>

Subject: HB111

AK House Resources Committee

If you change the tax structure once again, you will cost many more thousands of jobs to be lost. If this happens it will cause the companies we work for to send their money elsewhere. Yes, I work in the industry, therefore, I'm in the trenches seeing first hand what is going on. Even though these companies lost money for quite a while the past couple years, they didn't decrease investment much into the slope & kept the vast majority of us employed. I'd really like to keep my job & provide for my family, without these companies investing here, there is no other work to be had in this state. You may personally hate the industry for your own ideology or perception of the world, but bottom line is, it is the engine that keeps our states economy going. If you cause them to shut down investment, it will be a boulder in a lake causing waves throughout every life here.

Regards

Scott Brunswick

Eagle River