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AOGA: New version of House Bill 111 will drive Alaska deeper into recession

Result will be less projects, less jobs, and less production

ANCHORAGE- March 13, 2017: Last week, majority members of the House Resources Committee introduced a Committee Substitute (CS) of House Bill 111 (HB 111), one of the latest oil tax bills being considered in Juneau. If passed, the bill would represent the seventh major change to Alaska's oil tax law in 12 years.

While many House Majority members talk about the need for changes to tax credits, the bill goes far beyond that, as most of the bill simply increases costs to industry through a variety of tax hikes. The CS for HB 111 is merely an attempt to squeeze more money from an industry that has already laid off thousands of Alaskans because of low oil prices.

In addition, the proposed legislation disregards most of the advice of the legislature's experienced consultant by ignoring, and, in some cases, doing the exact opposite of his recommendations.

"The irony of this bill being rolled out just a few days after a giant Alaska oil field announcement is not lost on us, because this bill will make that field's economics worse. In fact, it makes the economics worse for every project in Alaska," said Kara Moriarty, AOGA president and CEO.

The CS HB 111:

- Will damage Alaska's economy even more during the current recession.
- Ignores most of the recommendations and counsel provided to the House Resources Committee by its own, \$35,000 consultant on what it takes to be globally competitive in the oil industry.
- Negatively impacts the economics of companies exploring and operating on the North Slope, large and small, new and established.
- Jeopardizes the prospects of large-scale new oil discoveries on the North Slope from moving forward.
- Puts additional Alaska oil and gas jobs, property tax revenue, and royalty payments at risk.

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- Does nothing to ensure continued, increased throughput through the Trans Alaska Pipeline.
- Further damages Alaska's reputation in the investment community.
- Makes the tax system more complex and virtually impossible to file an accurate monthly tax return.
- Adds new processes and responsibilities to the Department of Natural Resources that have never been discussed or explained in this public process.

Members of the committee supporting these new taxes are not listening to key constituencies like NANA, the North Slope Borough, and Arctic Slope Regional Corporation, all of which testified against the tax increases included in HB 111, which remain in this new version.

AOGA is a professional trade association whose mission is to foster the long-term viability of the oil and gas industry in Alaska for the benefit of all Alaskans. More information about the organization can be found at www.aoga.org, on Facebook (AlaskaOilAndGas), or twitter (@AOGA).

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