



ASSOCIATED GENERAL CONTRACTORS of ALASKA

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April 17, 2017

Senator Cathy Giessel
State Capitol, Room 427
Juneau AK, 99801

Re: House Bill 111

Dear Senator Giessel,

The Associated General Contractors of Alaska is a trade association representing over 640 Alaskan businesses in the construction industry. On behalf of the AGC and those businesses, we offer the following comments on House Bill 111.

AGC has significant concerns with HB 111 and request you not pass this bill. The entire premise of the bill is to get the oil industry to contribute more to the fiscal gap without regard for the long-term economic and job impacts to our state. This bill represents a significant tax increase in an already high cost environment, and moves Alaska in the wrong direction.

North Slope oil production grew 2% in 2016, the first growth in 14 years. There is indisputable proof that the current tax structure and incentives are working and should not be changed. You cannot expect to continue to increase production by increasing taxes.

These constant changes to Alaska's oil and gas taxes creates an uncertain investment climate for our business community. In the last 11 years alone there have been six changes to our oil and gas taxes. Changing them again does not give industry confidence to continue to invest in Alaska.

If the Senate evaluates credits, we recommend taking a very incremental approach to limit the state's exposure while not significantly altering the economics of development projects in Alaska.

Sincerely,

John MacKinnon, Executive Director
AGC of Alaska

Dan Hall, President
AGC of Alaska