



**GENERAL
TEAMSTERS
LOCAL 959
STATE OF ALASKA**

Affiliated with the International Brotherhood of Teamsters
Rick Boyles, Secretary-Treasurer
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April 18, 2017

Honorable Giessel
Senate Resources Committee

Re: HB 111 Oil Gas Production Tax

Dear Senator Giessel:

Our Union represents active and retired Teamsters throughout the state, employed by Alyeska Pipeline, Houston Contracting, Norcon, Lynden, Weaver Brothers, Usibelli Coal Mine, Doyon, Nanuq, Matson, Alaska Frontier Constructors, Totem Ocean Express, AT&T, South Peninsula Hospital, Northern Air Cargo, to name a few. On behalf of our members we negotiate with our employer's good wage and benefit packages. Our members must have jobs to provide for their families and enjoy the beauty of our state.

I am writing this letter to share some of our concerns regarding the unintended consequences with the passage of HB 111 on our workforce and the long term financial situation of Alaska.

We appreciate those that have introduced bills to help bridge the budget shortfall. We understand the need to make tough decisions to balance our budget. We support adjustments to the permanent fund, thoughtful reductions to the state budget, and new revenue sources to assist in obtaining that goal.

When legislation is being considered that could negatively impact the exploration and production of current and future oil, we become very concerned. Continuing to increase the flow of oil in our pipeline should be a priority. The States' economic viability thrives on revenue, more production means more revenue. For our Teamster members as well as other industry workers more production means more jobs.

As each of you know, it is the oil industry who continues to generate the most in revenue to the State, in spite of oil price declines. Over the years billions of dollars of oil revenue has been used to fund our Capitol budget, improving our infrastructures around the state. Oil/gas revenue has paid for our public schools, public safety, sport facilities and convention centers. The revenue from this industry also created our savings accounts and Permanent Fund.

With that being said we ask that during your deliberations of this bill you carefully consider the impact of current and future production, especially in times of low oil prices. As many of you may recall Teamsters did support SB 21, as did an overwhelming

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majority of the public. As a result the industry invested into projects such as CD-5 and Sharks Tooth which has put hundreds of people to work.

Currently we have members working on the GMT-1 project for ConocoPhillips, a new drill site west of CD-5. Nanuq, one of our largest contractors on the North Slope, has been awarded the job of building an 8 mile gravel road, the ice roads for this project and a 10 acre gravel pad for the future drill site. Nanuq also is drilling all the VSM holes to be set for the pipeline that will be constructed. Houston Contracting was awarded all the pipelines for this project. The GMT-1 project alone so far has created around 300 jobs for our Teamster members and countless other jobs, for other unions, businesses and vendors. ConocoPhillips kept their commitment to this project in spite of the decline in oil prices. ConocoPhillips and Armstrong Oil, whom we have Teamster members building ice roads for their project through Nanuq, have made huge investments in the North Slope. Stability in the oil industry is important when it comes to investment. Investment leads to new development and that leads to jobs.

In conclusion, please consider the unintended consequences that the passage of HB 111 could have on the current and future economic viability of our state. We ask that HB 111 not move from committee.

Your time and consideration of this important matter is greatly appreciated.

Sincerely,

TEAMSTERS LOCAL 959



Rick Boyles
Secretary-Treasurer

Copy: Sen. Coghill, Hughes, Meyer, Stedman, Von Imhof, Wielechowski