

Senate Finance Committee

HB 111

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AOGA

40 YEARS at
PRUDHOE
BAY

AOGA Membership



House Majority Goals

*There is no silver bullet for solving our fiscal problem. To maintain the Alaska that we want to live in, we need a durable solution that includes a combination of measures: a Percent of Market Value draw from the Earnings Reserve Account (within the Alaska Permanent Fund); a reasonable broad-based tax; a moderate and protected PFD payout; and **a restructuring of the oil and gas tax credits**. Implemented together, these four pillars will lay the foundation for a prosperous future for all Alaskans.*

– Reps. Paul Seaton & Neal Foster (House Finance Co-Chairs)

Governor Walker's Goals

Alaska is facing annual deficits of more than \$3 billion – even after budget cuts of 44 percent in the past four years. Without a plan we'll burn through our budget reserves in less than two years. ***The New Sustainable Alaska Plan*** calls for a combination of

1. Spending reductions
2. Sustainable use of Permanent Fund earnings
3. Modest tax increases
4. Oil and gas tax credit reform

<https://gov.alaska.gov/administration-focus/new-sustainable-alaska-plan/>

Senate Resources CS for HB 111

HB 111 “eliminates the state’s cash exposure by ending the program of **refundable oil and gas tax credits** to small or new companies. Transitions to a system of carrying forward operating losses for use against future tax liability, while protecting the basic tax components in statute today.”

Senate Resources CS for HB 111 Meets Governor's Goals

HB111 resolves four high priority concerns identified by the governor:

1. Transition Alaska away from the business of providing cash credits / rebates to the oil and gas industry
2. Reduce the state's liability related to potential large future investments
3. Defer the state's direct participation in the cost of a new project until it comes into production
4. The oil industry should participate as part of the overall fiscal plan for Alaska

More Oil Benefits Alaska's Economy

