

April 13, 2018

Speaker of the House
Bryce Edgmon

Senate President
Pete Kelly

RE: Support for HB331/SB176, Establishment of Alaska Tax Credit Certificate Bond Corporation

Dear Speaker and Senate President:

As representatives of Ahtna and Petro Star, a wholly owned subsidiary of Arctic Slope Regional Corporation (ASRC), we write in support of HB331/SB176, Establishment of Alaska Tax Credit Certificate Bond Corporation, and urge its expeditious passage.

With the passage of the Alaska Native Claims Settlement Act in 1971, Alaska's aboriginal land claims were settled and over 44 million acres of lands were conveyed to 12 regional corporations. Since that time, oil and gas resources found on, and transported across, Alaska Native lands have had a tremendous impact on our state's economy.

Alaska Native corporations have worked diligently to attract investment to our lands and all of us have been beneficiaries of oil and gas development on our lands through 7(i) revenue sharing. In recent years, a number of our corporations have expanded from the traditional leasing model to drilling on our own lands. Indeed, state tax credits were a big reason why our corporations decided to make these investments.

Ahtna undertook the Tolsona Gas project on State Lands. We spent in excess of \$3 million dollars on a road and pad to provide increased recreational access opportunities for Alaskans for years to come. We have received ZERO monies from tax credits, to date. This negatively affected our project and overall operations.

Petro Star and ASRC have invested millions of dollars on two large capital projects: an Asphalt Production Unit that restored a local source of supply to the Interior and a Naphtha Splitter that reduced the Interior electrical utility's fuel costs by 30% for ratepayers. Without the incentive for capital projects, these investments would not have been possible – and the Interior would continue to face higher costs for its paving projects and increasing electrical prices.

There would not be a Trans Alaska Pipeline System (TAPS) without the full cooperation and continued support of both Ahtna and ASRC. Fifty-five miles of TAPS goes through Ahtna lands and 17.5 billion barrels of oil have been transported to date. Ahtna receives ZERO royalties or payments in lieu of taxes for providing the economic engine for Alaska.

We believe that the State of Alaska must honor all outstanding earned tax credits in full in as expedited manner as possible. Alaska Native Corporations are not your typical recipients of tax credits. We are Alaska headquartered companies, employing Alaskans, re-investing in Alaska, and working to try to

make better lives for our shareholders. By not expeditiously paying for these tax credits, the Alaska legislature is not just harming some far away "big oil" company as is often heard in the media. It is, in fact, harming Alaska's original people and is affecting our ability to re-invest in our state. Lack of timely payment of these credits is also limiting investment opportunities in various Alaska developments.

We urge resolution of this important issue in a timely manner. In the absence of full and expeditious payment of credits owed in the FY19 budget, our corporations support resolution of this issue through HB331/SB176.

Sincerely,



Michelle Anderson
Ahtna President



Doug Chapados
CEO/President
Petro Star