

February 9, 2011

The Honorable Peggy Wilson
Alaska State House
State Capitol Room 408
Juneau, AK 99801

Dear Representative Wilson:

The undersigned business associations, working together under the banner of the Business Advocacy Committee, represent hundreds of firms and tens of thousands of employees from every major industry in Alaska. Our organizations share a common vision for Alaska's future – one in which a thriving private-sector economy creates good jobs for Alaskans and attractive economic opportunities for investors. State government, focused on the right issues, can help make this vision a reality.

Our organizations have identified five priority areas to be dealt with during this legislative session. Progress on each of these priorities will make Alaska a better place for business by encouraging private-sector investment and job creation. We urge you and your colleagues to address these issues.

OIL TAX REFORM

Taxes on the oil industry account for nearly nine out of every ten dollars in revenue the state collects. While current oil prices are exceedingly high relative to historic standards, North Slope oil production is only one-third the level of its peak. Alaska's taxation policy should encourage more investment to reverse this dramatic, continuing production decline. We support meaningful reform of Alaska's oil production tax system that reduces the state's tax burden on all Alaska oil and gas exploration and development activities and encourages increased production.

REGULATIONS

The Alaska Coastal Zone Management Program (ACMP) is due to sunset in 2011. We are comfortable renewing the program in its current form. *However, we oppose any changes to the ACMP that diminish the program's ability to provide concise, streamlined, and predictable permitting in Alaska's coastal zone.*

LITIGATION REFORM

Alaska's resource industries are ongoing targets of anti-development groups utilizing the court system and the state and federal appeals processes to stop and delay responsible resource development. Other businesses, local governments and community development projects can also be subject to frivolous lawsuits. Meanwhile, state agencies are forced to spend inordinate amounts of staff and financial resources dealing with third-party lawsuits at the expense of their mission to serve the public at-large. *We support efforts to bring more accountability to the appeals and litigation processes for community and resource development projects.*

FISCAL RESPONSIBILITY

Unrestricted general fund spending within the state's operating budget has increased from \$3.1 billion in fiscal year 2006 to \$4.8 billion in fiscal year 2011. We do not believe such spending growth is sustainable especially in light of the continuing decline in North Slope oil production. The Legislature and Governor must do more to control growth in the operating budget. *We recommend the Legislature*

hold unrestricted general fund spending in the operating budget to \$3.5 billion – a level of spending equal to fiscal year 2010. With regard to the capital budget, we encourage the state to focus on strategic investments that help generate new private sector investment.

STRATEGIC TRANSPORTATION INFRASTRUCTURE

There is strong agreement the long-term economic benefits derived from investment in Alaska's transportation infrastructure far exceed the cost of the initial investment. Considering the vastness of Alaska, the state's current transportation infrastructure is inadequate and requires continued planning, upgrades, and expenditures to assure Alaska citizens are provided with essential services. *We support a state funded transportation program that is adequately and predictably funded, provides continuity between succeeding administrations, and addresses all modes of transportation.*

Working together we can improve Alaska's business climate. We request an opportunity to meet with you to discuss these matters in more detail. A representative from the Business Advocacy Committee will be in touch with your office to schedule a meeting.

Sincerely,

Steve Borell, Executive Director
Alaska Miners Association

John MacKinnon, Executive Director
Associated General Contractors – Alaska

Marilyn Crockett, Executive Director
Alaska Oil and Gas Association

Mike Satre, Executive Director
Council of Alaska Producers

Rachael Petro, President & CEO
Alaska State Chamber of Commerce

Scott Hawkins, President
Prosperity Alaska

Rebecca Logan, General Manager
Alaska Support Industry Alliance

Jason Brune, Executive Director
Resource Development Council for Alaska, Inc.

Aves Thompson, Executive Director
Alaska Trucking Association