I support SB 112, which, as I understand it, aims to reduce the maximum per-barrel credit from $8 to $5 and tie credits to qualified capital expenses incurred by oil companies.

Please make it so!

Gene Cornelius

Gustavus, Alaska 99826

Senators,

Please allow my written testimony to be respectfully submitted to the committee regarding SB 112.

I'd like to provide insight on why this legislation would be detrimental to our Company, employees and vendors, as well as some broad historical insight on how previous tax legislation affected our small business.

Flowline Alaska, Inc. is a locally owned and operated small business located in the heart of Fairbanks. We service the needs of the Producers by providing corrosion coatings, insulation, welding, and pipe fabrication services to clients on the North Slope. Flowline has a full-time support staff, but we draw the majority of our labor from three local union halls. International Union of Operating Engineers: Local 302; United Association of Local 375: Plumbers and Pipefitters; and Laborers' International Union of North America, Local 942.

After ACES was enacted, we had a sharp downturn in work. Scheduled projects were taken off the books when higher taxes drove investment away from Alaska. We went from employing over 100 workers to less than 40 full time equivalent employees at a time when oil prices were at a record high. These reductions reflect loss of high paying, local, union jobs.

After SB 21 was enacted, we saw a measurable uptick in work with both old and new companies investing and exploring in Alaska again. The attractive financial structure of SB 21 brought investment dollars to our high operating cost state. In fact, we have had incredibly robust years of growth and investment based on the stability and structure of the Oil Tax regime currently in place. To upend that stability and the tax structure at the beginning of our the “North Slope Renaissance” would be a disaster for our business, and for Alaska writ large.

Let’s work together to grow opportunities for private and public sectors by keeping our tax regimes stable and attractive. ***Taxes drive behavior;*** and we need to send the message that Alaska is stable and open for business. “Fair Share” also means having jobs and a chance to make a living here in Alaska.

If any legislator would like to call me, I am happy to discuss. Please do not post my cell number in the legislative record.

Genevieve Bell

Flowline Alaska, Inc.

Fairbanks, AK 99701

Greetings:

I urge you to vote yes on SB 112. This bill will mean less money for oil companies and more money for the state budget, which Alaska really desperately needs.

Thank you.

Larri Spengler

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Larri Irene Spengler

Juneau, Alaska 99801

Since SB 21's passage, there have been years when the state paid out over four times the credits compared to oil companies' reinvestments in the North Slope. Passing SB 112 would generate $190 million for fiscal year 2026 and approximately $100 million annually over the next decade. In 2021, Gov. Dunleavy's Commissioner of Revenue proposed this change to the legislature's fiscal policy working group, expressing support if the legislature agreed. In 2022, the Deputy Commissioner testified that reducing the credit would keep oil companies competitive.

Please pass SB 112 from committee to rectify this imbalance of Alaska's current relationship with the oil industry.

Thank you for your consideration.

Lynda Giguere

Douglas, Alaska

Hello,

I am writing to express my support for SB 112. Oil and gas companies have been shirking their responsibility to pay their fair share. This bill will go a long way to addressing major tax revenue shortfalls (my town of Fairbanks is having to close 2 schools because we can't fund them).

Thank you,

Joshua Knicely

Senator Giessel:

I am a resident of Senate District E and your constituent.

I do not support SB112. Please withdraw your sponsorship of SB112.

Sincerely,

Lucas Smith

Anchorage Resident

Madam Chair and Members of the Committee,

I'm writing to ask for your support for SB112, "An Act relating to credits against the oil and gas production tax; and providing for an effective date."

I'm going to echo some of my sentiments in my previous email regarding SB92. We have a funding problem in the state and a chronic deficit in our budget. I hope if you read both emails that you'll remember my message when you vote.

In 1980, when the State Legislature voted to remove the state income tax, Alaska's budget became subject to the boom-bust cycles of oil and gas economies so common in Arctic states. Without a steady stream of revenue, the state continues to struggle to meet funding needs for basic public services and provide a quality of life that prevents out-migration of individuals and families, and helps sustain our local communities.

Here in the Fairbanks North Star Borough, due to ongoing budget deficits three schools have been forced to close since 2022. Three more are slated for closure this year, as class sizes swell and teachers and staff are stretched to their breaking point. Meanwhile, residents continue to vote against raising individual property taxes that would help close the budget deficit gap. However, as a deputy commander once told me, "There's no free lunch," and the money to pay for necessary services, such as education, has to come from somewhere.

As the sponsor letter states, reducing the credit per barrel from $8-1 to $5-0 would earn the state an additional $636M in revenue this year alone, with a projected $6.5B in revenue through FY2034. I know Fairbanks and North Pole could benefit from that additional income to provide critical public services and invest in the necessary maintenance for roads and infrastructure as we continue to adapt to changing environmental conditions for rain-in-winter events (locally dubbed the ice apocalypse(s)), increased wildfires, and heavier snow loads on structures/roofs as we experience wetter snow in Interior Alaska.

Again, please don't let the profits of the few outweigh the benefits for so many residents across our state. Thank you for your time and consideration.

Respectfully,

Ariane Glover
North Pole, AK

ALASKA CHAMBER

April 4, 2025

Senator Giessel, Chair
Senate Resources Committee

Re: Senate Bill 112, Oil & Gas Production Tax, version 34-LS0566\N

Dear Chair Giessel and members of the Senate Resources Committee,

The Alaska Chamber (the Chamber) writes in opposition to Senate Bill 112, an act relating to credits against the oil and gas production tax; and providing for an effective date.

The Alaska Chamber is the state's largest statewide business advocacy organization. Our mission is to promote a healthy business environment in Alaska. The Chamber has more than 700 members and represents businesses of all sizes and industries from across the state, representing 58,000 Alaskan workers and $4.6 billion in wages.

The Alaska Chamber has several longstanding policy positions to support and encourage the growth of the oil and gas industry here in Alaska, including a specific position to "Support and encourage a positive investment climate that provides certainty and stability for statewide oil and gas activities; oppose efforts to increase oil and gas taxes."

Senate Bill 112 is in direct conflict with that position, it would increase the cost of producing oil in Alaska, threatening future investment, weakening project economics, and jeopardizing the long-term stability of state revenue. At a time when Alaska must remain competitive to attract global capital and promote development, SB 112 moves us in the wrong direction.

SB 112 proposes two major changes to Alaska's oil tax structure: a $3 reduction in the per barrel sliding-scale credit and a new restriction that "ringfences" those credits to capital spending on a lease or property level. While these changes may appear incremental on paper, in practice, they significantly increase costs for oil producers and introduce additional complexity and risk. Reducing the per barrel credit by $3 effectively doubles the production tax rate at certain price points, undermining the balanced structure implemented under SB 21 that was designed to support competitiveness and progressivity.

Moreover, limiting credits to capital spending by specific location penalizes new projects, especially those with high upfront costs and delayed production—and discourages development in remote areas. This overly complex structure distorts sound investment decisions and increases administrative burdens for producers and regulators alike, creating uncertainty that could deter future exploration and expansion.

SB 112 sends the wrong signal to investors and undermines the progress Alaska has made in revitalizing its oil industry. Rather than imposing new costs and complexity, the Legislature should work to preserve a stable, competitive fiscal environment that supports development and secures lasting economic benefits for all Alaskans.

Sincerely,

Kati Capozzi

Kati Capozzi
President and CEO

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