

Dear House Finance Member,

As a person who is married to someone in the oil business I cannot even imagine in this economy why you would consider your continuation of aggression against an industry that funds most of the budget in Alaska. Instead of reigning in your spending you think the only answer is tax! Well, you are about to spend and tax this state into default. I believe the public was very clear in the passage of SB 21. Obviously listening to the will of the people is of no interest to you if you now wish to dismantle that election.

Business owners need certainty. Not sure how many of you have ever run a business but there are millions of dollars in drilling oil in Alaska. A lot less of that drilling will happen with such back and forth. As a long time citizen in Alaska I ask that you cut your spending and stop keeping businesses guessing their future because of your constant indecision.

Regards,  
Judy Eledge  
Anchorage AK

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To Whom It May Concern:

My name is Charles A. Underwood, Jr. and I want to clearly state that I am in opposition to HB 411. It is incredible that such legislation would again be proposed that seeks to extract more tax revenue from an industry that is still in recovery mode in Alaska. The only message being sent to the Oil & Gas Industry is one that is very negative, for short-term and long-term economics. I am a retiree from a company that elected to dispose of it's Alaska asset and focus on opportunities in the Lower 48. One of the primary factors driving that decision was the Alaska tax structure and uncertainty over the future.

If this is what is the intent of the individuals involved in crafting this legislation, then only those surviving companies will bear the burden for future revenue generation. This does nothing to incentivize and stimulate Exploration and Production (E&P) in Alaska; which is exactly what is needed at this time. Beneficiaries of a stable tax environment are the companies and the associated service companies that are a part of that successful development. Thus, there is a wide range of negativity when this type of legislation is passed that affects both the producers but also their supporting companies. If you do not believe that this is a reality then conduct a survey of the service companies, not only the number remaining in Alaska at this time, but also their employee count.

The reality is that on a global scale Alaska is attractive only to a limited extent; disincentives and additional taxation certainly detract from consideration for investment and development. Based upon the renewed efforts to extract more revenue from the Oil & Gas industry it only gives the appearance that the Alaska government is attempting to display it's preference for a third-world approach and the associated uncertainty that these regions are known to encourage.

Please consider the message this sends, not only to the O&G sector, but to any other resource development industry and the uncertainty as to how their projects will be fiscally managed by the Alaska legislature.

Respectfully,

Charles A Underwood, Jr.

Anchorage, AK

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Stop this wild fluctuation of erratic tax policies. You are destroying a vital industry and harming Alaskans.

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*Meldonna Cody*

*Soldotna, Alaska 99669*

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Over the past 40 years the Oil Industries efforts has paid for >90% of our government services and created the Permanent Fund that exceeds \$60,000,000,000. These resources created wealth per capita like no other State in the Union and confirms that our States Partners (Oil Industry) have kept their end of the deal.

Now the State is short on money. The pipeline is 25% full and some State House Legislators believe that raising taxes on the Oil Industry will solve Alaska financial woes. I submit that HB 411 is short sighted, political groveling and lacks leadership. Taxing the Oil Industry at this time in our history makes no sense. I implore the House Legislators to THINK BIG – THINK ALASKA. A solution is staring us down in disbelief. Your challenge is this: Increase the pipeline to 50% of its capacity over the next 5 years. Success would increase State revenue, create a foundation for future generations and show the current and next generation what success looks like. The oil is there, the infrastructure is there. Raising taxes is a lazy approach to a long-term opportunity. In a sense, raising taxes is admitting failure. Legislators. Roll up your sleeves, get creative, and go to work, DO NOT RAISE TAXES.

*David Hopkinson*

*Delta Constructors LLC*

*VP / Alaska Regional Manager*

*907-771-5800 Office*

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I am a constituent of Geran Tarr's district and appreciate the opportunity to share my views as a lifelong Alaskan about why HB 411 should not be considered.

While we are facing some very hard economic times as a state, biting the hand that feeds us (the Oil Industry) isn't going to improve our situation. Even at this time, the industry is funding approximately 75% of the state's unrestricted revenues and supports a third of our economy in all sectors – including insurance, telecom and other business my family is employed in.

Oil prices are very unlikely to climb back to their former heights in the short term, making it hard for North Slope development in a logistically remote, complex and expensive environment difficult to compete with less expensive projects in the Gulf.

To continually change the taxes oil companies face (like the 8<sup>th</sup> time in 13 years!) is like buying a house with a 30 year mortgage where the interest rate can be changed at any time without warning. Who would make a long term investment with that uncertainty of cost?? I wouldn't take that risk and neither should the producers that have proven that tax stability does indeed lead to more production, which will give Alaska more revenue.

Thank you for considering our future. We are going to have to fund our State through other means – like the PFD, and likely a sales tax.

Sincerely,

Kelly Droop

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Comments on HB411, by Kevin Durling a 40 year Alaska resident.

**I do not support passage of this bill.**

The Alaska oil tax regime has changed 7 times in the past 13 years.

Recent tax changes from HB247 and HB 111 in the past 18 months should be allowed to work.

Per Ak State DOR.

" Last year the legislature set in motion a process to revisit these fair share issues with the intention to use this to inform the next major tax rewrite

- Until the completion of the process set in motion last year, it may be premature to address a substantial tax revision at this time."

With the above comment from the Alaska Department of Revenue why is this bill being presented??

Based on the last two years of improved thru put of the pipeline and the increase in commodity prices would it not be more effective to let the current tax system continue to work? This system has helped increase the thru put growth.

Recent announcements by Alaskan operators could add 400,000 barrels of new production if the State would allow it to come to market. That means new jobs and estimated investment of \$13 billion dollars. New taxes could keep this investment from reaching Alaska and be sent to other areas of the US Oil & Gas regions or overseas.

Are we in a race to see if we can be the least attractive basin for Oil & Gas development by continually changing the rules to cover our inability to live within our means?

**I do not support passage of this bill.**

Kevin Durling

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To whom it may concern:

- HB 411 is a \$750 million tax hike on Alaska's primary economic drivers
- Encouraging investment and resource production will have a significantly more positive impact on Alaska than the marginal revenue raised from the proposed tax hikes.
- The elimination of legacy production tax credits removes the incentive for producers to hold Prudhoe Bay, Kuparuk, the North Slope and other legacy fields' production steady resulting in declined legacy production.
- Eliminating new production tax credits will prevent many of the recent discoveries from ever being brought into production.
- We are slowly seeing the end of a recession that has eliminated thousands of jobs and forced too many Alaskans to leave the state. This is the wrong time to disincentivize development.
- HB 411 will make Alaska less competitive with other oil and gas jurisdictions by raising costs in an already high-cost Arctic environment.
- HB 411 will further cement Alaska's poor reputation in the oil and financial sectors, potentially jeopardizing the new investment necessary to bring on new production. The new 2018 oil tax policy proposal represents the eighth major tax change in the last 13 years.
- HB 411 will do nothing to encourage future production. It will make Alaska less competitive with other oil and gas jurisdictions by raising costs in an already high-cost Arctic environment, creating more harm to Alaska's largest industry and the state's economy.
- Alaska needs to have stable taxes to stay competitive with low-cost oil prospects in the Lower 48. HB 411 moves us in the wrong direction.
- HB 411 risks stalling the growing momentum in investment and production on the North Slope. Alaska needs that investment now more than ever. This is the wrong time to disincentive development.

- The Legislature should be focused on spurring more industry investment and production, especially since the state earns 12.5% on North Slope production through its royalty share, which accounts for the lion's share of oil revenue at lower prices.
- Encouraging investment and production will have a much larger and significant positive impact on Alaska than the marginal revenue raised from the proposed tax hike.
- The ramp up in North Slope production and activity demonstrates the current fiscal system is working. Oil tax reform made Alaska more competitive and a more attractive place to invest. Investment is up and production is stable, compared to a 4%-8% annual decline under the previous fiscal system.
- Under the current tax system, government share (state and federal combined) is still higher than the producers at every price point. In fact, the state gets paid even when companies are operating at a loss because it still collects royalties, property tax, and a gross production tax.
- Even in these times of moderate oil prices, the oil industry provides approximately 75% of the state's unrestricted general fund revenues and supports at least one-third of our economy.
- It takes an annual industry investment of \$3 billion to 4 billion to keep production levels stable on the North Slope. This requires a durable and competitive tax policy to fund high-cost Alaska projects.

Sincerely,



Brian T. Harten, P.E.

General Manager

White Raven Development, Inc.

12570 Old Seward Highway, Suite 204

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I am opposed to HB 411 we do not need to tax the Producers to solve Alaska's problems.

This will only create more problems for Alaskan's down the road.

How many times can we expect Oil Companies to pay our bills.

Cut the budget!

Sincerely,

Sandra Udelhoven

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You people need to stop biting the hand that feeds us here in Alaska ! Many of us are dependent on a thriving economy. Every time you people mess with the tax code hammering the oil companies we lose production and jobs. If you keep doing this more people are going to have to leave here to find work. Why is it the lower 48 is booming and Our state still squirming in a recession?

In order to keep business here in Alaska you have to create an environment that is business friendly. In other words when you give a business your word you need to stand by it and you people have not done that And that alone is helping to further destroy our economy. HB 411 is once again doing that companies can't depend on you keeping your word Hb411 needs to be scrapped right now ! And you people need to sit down with the all companies and come to a fair tax credit rate for them to be productive to get oil going out of that pipeline to put this state back on a productive track!

One over taxed unconsidered ,vilified by our local government home owner in the state of Alaska,

Michael Beck

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To House Finance Committee Members,

We are overwhelmed with the fact there is any consideration to increase oil taxes again.

We need to have the stability of the oil industry ensuring the positive future for today's and tomorrow's Alaska's citizens.

Vote No - HB411

Sincerely,

Bill & Carol Kane

Carol G. Kane  
Big Lake, AK 99652-0502

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I strongly disagree with the idea to increase taxes on any operators of oil leases within the state of Alaska. Not only would a tax increase be detrimental doing away with tax break incentives on production will most certainly "back fire". The state of Alaska already has a tarnished reputation for doing business in by simply avoiding paying operators the tax credits it has promised. To think that this will help keep Alaskans at work is a far cry from reality. Which should be the primary concern. With oil prices slowly stabilizing and some potentially very large new fields being explored this is a time to keep alaska competitive and moving forward. It's time to regain the trust in the people of Alaska and oil industries operators that our revenue stream relies so heavily on.

Evan Druce

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To even consider raising taxes at this time, and for the 8<sup>th</sup> time in 13 years tells me (us) just how irresponsible our legislators are.

My family and I are opposed to HB 411. Please accept this as written testimony.

Thank you,

Ken Pinard, Alaskan thru and thru

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April 12, 2018

Members of the House Finance Committee:

I write you today both as a private citizen and as an employee of Alaska Marine Lines (Lynden), one of the integral links between the residents and businesses of our State and the “lower 48.” In both capacities I have come to care deeply about the health of Alaska’s economy and to acknowledge that a vibrant oil and gas industry is vital not just for those living and working in Anchorage and on the North Slope, but to ALL Alaskans.

I am disappointed that this late in the legislative session your committee is considering HB411—a massive tax increase that will not lead to more long term investments, jobs, or revenue for Alaska. Now is the not the time to stifle growth and punish businesses who are investing in our State’s economy and putting Alaskan residents to work; nor is it the time to once again adjust the tax structure for the oil and gas industry. Businesses need predictability and stability.

I understand and applaud your efforts to find a solution to our State’s budget deficit, but I do not believe that HB411 is a good part of the solution.

Though your committee has not yet heard HB331, this bill would go much farther toward improving our economy and bolstering State revenues in the long run. Alaska’s reputation has been marred by not paying promised tax credits to some of the small independents on the North Slope. By bonding and paying off these credits at a discount—as suggested in HB331—capital for new projects will be freed up and the State and Alaska’s residents will benefit from jobs, royalties, and other taxes. The State will also save money in the long run by paying back these credits at a discounted rate. This is a win-win-win, and I urge you to focus on this policy and help put Alaskans back to work.

I know that Alaska Marine Lines and the Lynden family of companies are deeply committed to Alaska and to the health of our State’s people and economy. We want to see the pie grow, and HB411 will not provide for that. The service that the Lynden companies provide to our customers—both large and small—is intertwined with economic growth and vibrant communities. An Alaska in decline will not serve our business, and it will surely limit what we can do to serve our customers in Alaska.

Likewise, I am personally invested in this State and care very much about Alaska’s future—not only for me but for the children I hope to one day raise here. I am more than willing to do my fair share as an individual to support the State and the needed programs and services that are provided, but I will not be able to do that if I do not have a job or am forced to move out of Alaska as a result of a declining economy.

Please do your part to grow the economic pie and keep Alaskans living and working right here in our State. Help businesses to be successful so that we can reciprocate and do our own part to grow Alaska. We must work together; burdening the industries on which we are ALL dependent is not the answer. HB411 is not the answer.

Thank you for considering my comments—your work is appreciated.

Sincerely,

Chelsea Goucher, Account Representative  
Alaska Marine Lines (and life-long resident of Ketchikan)

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**Written Comments on HB 411 to House Finance Committee**  
**From Wendy Lindskoog 4-12-18**

**My name is Wendy Lindskoog. I am speaking as a concerned citizen of Alaska. I am disappointed that HB 411 has been introduced. I oppose the legislation and believe it is counter to encouraging investment and growing oil production which is a far better approach to earning more revenue for the state. The timing of such a major policy initiative introduced this late in the session will not lead to good decision making. I respect the legislative process and I respect the difficult job ahead as heavy decisions are being made for our State's future. I ask you to consider Alaska's reputation and the disruptive message this legislation sends to potential and current investors. Please set this bill aside. Thank you for the opportunity to comment.**

**Wendy Lindskoog**

**Anchorage, 907-240-9571**

**Thank you for the opportunity to share my opinion.**

**Gail Phillips**

**Anchorage, Alaska 277-4867 [gailphil@alaska.net](mailto:gailphil@alaska.net)**

- HB 411 will further cement Alaska's poor reputation in the oil and financial sectors, potentially jeopardizing the new investment necessary to bring on new production. The 2018 oil tax policy proposal represents the eighth major tax change in the last 13 years.
- HB 411 will do nothing to encourage future production. It will make Alaska less competitive with other oil and gas jurisdictions by raising costs in an already high-cost Arctic environment, creating more harm to Alaska's largest industry and the state's economy.
- Alaska needs to have stable taxes to stay competitive with low-cost oil prospects in the Lower 48. HB 411 moves us in the wrong direction.



- HB 411 risks stalling the growing momentum in investment and production on the North Slope. Alaska needs that investment now more than ever. This is the wrong time to disincentivize development.
- The Legislature should be focused on spurring more industry investment and production, especially since the state earns 12.5% on North Slope production through its royalty share, which accounts for the lion's share of oil revenue at lower prices.
- Encouraging investment and production will have a much larger and significant positive impact on Alaska than the revenue raised from the proposed tax hike.
- The ramp up in North Slope production and activity demonstrates the current fiscal system is working. Oil tax reform made Alaska more competitive and a more attractive place to invest. Investment is up and production is stable, compared to a 4%-8% annual decline under the previous fiscal system.
- Under the current tax system, government share (state and federal combined) is still higher than the producers at every price point. In fact, the state gets paid even when companies are operating at a loss because it still collects royalties, property tax, and a gross production tax.
- Even in these times of moderate oil prices, the oil industry provides approximately 75% of the state's unrestricted general fund revenues and supports at least one-third of our economy.
- It takes an annual industry investment of \$3 billion to \$4 billion to keep production levels stable on the North Slope. This requires a durable and competitive tax policy to fund high-cost Alaska projects.

#### **Overview of HB 411:**

With days remaining in the 90-day regular legislative session, members of the House Finance Committee have introduced HB 411, yet another bill that would triple oil production taxes by increasing the production tax by an estimated \$778 million this coming fiscal year. The Committee will take public testimony on the bill at your local Legislative Information Office (LIO) on Thursday, April 12 at 5:00 p.m.

This comes at a time of potential new industry investment in promising new prospects that collectively could substantially increase throughput in the Trans-Alaska Pipeline System and pull Alaska's economy out of recession. Conversely, HB 411 would likely reduce industry investment and further damage the economy.

The industry already accounts for approximately 75 percent of Alaska's unrestricted General Fund revenues at current oil prices, and lawmakers in the past two years passed major tax legislation that phased out tax credits companies earned for making new investments. The full economic impact of the fiscal policy changes, which increased the industry's cost of doing business in Alaska, has yet to be fully understood.

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Good afternoon,

I would like to respectfully submit my opposition to Alaska House bill #411. I have listed a few reasons below:

HB 411

- Increases the tax burden on Alaska's primary economic drivers by \$600 million
- Eliminates legacy production per barrel tax credit
- Eliminates new production per barrel tax credit
- Creates tax brackets with stepped increases to tax surcharges

This would be the 8th change in 13 years of Alaska's tax policies, which creates a very unstable market for current and future development. Oil tax policy stability is what is needed and would greatly help Alaska recover from the current recession and move us forward into the future.

Thank you for your consideration on my thoughts.

Regards,

Dennis Smith

Sterling, Alaska 99672

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Members of the House Finance Committee -

I write today in strong opposition to HB411. It is ill timed and ill conceived. Alaska continues its slow decline as a producer of oil and gas. I would like to see policy makers working with the industry to reverse that trend and put Alaska back in a more competitive position.

We are a resource state and our policies should be looking at ways to grow the resource pie - a situation that will ultimately help the revenue picture for the state.

We do not need to tax our leading industry. In fact, taxing our leading industry at a time of economic recession sends a negative message to this highly competitive global industry.

When it comes to our spending problem, I would encourage this committee and all other entities tasked with working on Alaska's fiscal policy to review every program - top to bottom - to find duplication, to look for programs we no longer need to pursue, to look for consolidation or privatization where it makes sense, and so much more.

I urge you to reject HB411 and to get back to work on the real problems facing our state. Please stop sending a negative message to Alaska's number one economic engine. Focus on how to get more production from our fields not more money as we face the decline.

Respectfully,

Mike Heatwole

Concerned long time Alaskan and father of two kids I'd like to see have the opportunities I've had

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Alaska Representatives on the House Finance Committee,

Upon reading about HB 411, I am simply dumbfounded at this newest effort by some legislators to end-run around what we the voters had hoped we finally decided that increasing taxes on our oil production was terribly counter-productive. At a time when we Alaskans in business hang on every positive word from the oil producers who are demonstrating their intention clearly, investing in new fields and technology to increase production, this bill would be a catastrophe.

Alaska is in a recession, businesses are suffering, people are leaving the state; we need to maintain and do the exact opposite regarding oil production taxes, similar to Trump's plan in reducing taxes to increase economic growth. We all know that is already working. To change our tax intentions again, the 8th time in 13 years will breach any confidence the oil industry has in our stability. Considering the lead time necessary to proceed with new investment and development, a new tax burden on oil production now can only serve to deepen our recession, and will certainly curtail the current trend in new prospect development.

For the sake of our state, our working families and our businesses, please, please heed our pleas and vote to NOT accept further oil taxes with HB 411.

Sincerely, and Fearfully,

John M. Sparaga, D.M.D.

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Members of the Alaska House Finance Committee,

My name is Cynthia Henry, and I am writing to oppose HB411. I am a small business owner. My family has owned and operated retail stores in Fairbanks and Anchorage for nearly 40 years. I have been a keen observer of the effects of the oil industry on our Alaska economy during that time. When oil companies find it economic to operate in our state, all Alaskans benefit.

Alaska has been experiencing the worst recession since the 1980s. Since 2014 jobs and residents have left the state with a detrimental effect on prosperity for all who remain. We are seeing tiny glimmers of optimism as new oil fields have been discovered and some onerous restrictions have been lifted. Now is not the time to send a message to the biggest industry driver in our state that taxes will go up. Our future is precarious and this is not the time to take action which will be viewed as a disincentive to increased development and production.

As our elected officials, we depend on your leadership to make good decisions that will improve quality of life for all citizens of our great State. Please exercise that good judgement now and oppose HB411.

Thank you,

Cynthia Henry

Fairbanks, AK. 99709

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Hi my name is Zach Seabolt and I am a lifelong Alaskan. I am only 36 years old but my entire working career of 18 years has been directly related to the oil and gas market. I work for Alaska's only Kenworth dealership that has two locations, one in Anchorage and one in Fairbanks. Our sales are directly related

to the development and ongoing production of Prudhoe Bay. Every customer we sell Parts, Service or a new truck to some way or somehow is related to the North Slope. I have seen the way our sales have gone up and down with all the different bills that have and have not passed in the last handful of years. What we have right now is working. Can it be tweaked a little? Sure it can but do we need to pass something as drastic as HB411?!?! NO! How come our state government doesn't look at it like a business? Would you do business with a company that would fluctuate their price to you as much as we have to the oil companies. Especially when you can get your product cheaper and faster everywhere else? With the price of oil right now we can't afford to be greedy and tax them out of production. What is making them stay here? why are they staying here? would you stay here if you were them? I know if I want to sell the same parts that all of the other dealership is selling then I have to make sure I have great customer service, I have to have a fair and decent price. Sometimes I need to bring it down cheaper than I would like but I'm keeping that customer happy and I am selling my products and making money. This is EXACTLY the same way Alaska needs to be to the oil industry that is buying our products. It is really that simple. If I didn't do it then I would be out of a job and if Alaska passes HB411, there is a good chance I will be out of a job along with many other Alaskan family's. Please reconsider the bill and lets not chase off our best customer

Thank you for your time

**Zach Seabolt**

**Parts Sales/Warehouse Manager**

[zseabolt@kenworthalaska.com](mailto:zseabolt@kenworthalaska.com)

[kenworthalaska.com](http://kenworthalaska.com)

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I would like to encourage you to not pass HB 411. Those of us who depend on the oil industry not only for our families economic security, but for our states financial security need you to encourage the industry to develop more oil fields not less. Our company has gone from 80 Alaskan employees to 32 in the last three years, entirely due to oil industry cutbacks. Putting more money in the states bank accounts while while reducing individual Alaskans bank accounts is not good governance. You need to think about what is best for us citizens rather than what is best for the state government. HB 411 doesn't do that. Bob Bell

**F. Robert Bell, PE, PLS**

CEO/Principal

**BELL & Associates**

801 W Fireweed LN, Ste 201 | Anchorage, AK 99503

Desk 907.743.3404 | Cell 907.441.9324 Office 907.274.5257



Unfortunately, Alaska is still in the midst of a serious downturn due to decreased oil and gas spending. We have had to lay off many Alaskans as our construction work volume has been seriously reduced.

This state has already had 7 changes to oil tax policy in the past 13<sup>th</sup> years and yet here we are again considering a bill that would make this the 8th change.

American businesses make financial decisions based on logical plans and financial projections. Upsets to predictability, as this bill would impose, are just another reason for the oil companies to take their capital dollars to other states that are more tax friendly. Please do not forget that even excluding taxes, our state is one of the highest cost states for the oil and gas sector to operate in. The competition is Texas which does not need airplanes to transport its oil workers to the work site, not camps to house them in, nor expensive pipeline tariffs to pay, nor supertanker shipment costs to get that oil to market. Nor do they have to build expensive ice roads to support operations each year. With this kind of headwind, why would we look to add more. Please give us a chance to rebuild our economy and vote no on this bill for these reasons:

- HB 411 is a \$750 million tax hike on Alaska's primary economic drivers
- many of the recent discoveries from ever being brought into production.
- We are slowly seeing the end of a recession that has eliminated thousands of jobs and forced too many Alaskans to leave the state. This is the wrong time to dis-incentivize development.
- HB 411 will make Alaska less competitive with other oil and gas jurisdictions by raising costs in an already high-cost Arctic environment.

Thank you for your consideration and for voting no on this bill.

Regards,

C. W. (Bill) Binford, P.E., PMP | North Slope Area Manager | [CONAM Construction Company](http://conamco.com)



 Tel (907) 278.6600 |  Direct (907) 257.4137 |  Cell (907) 602.7922 |  Fax (907) 278.4401

 [bbinford@conamco.com](mailto:bbinford@conamco.com) |  301 West Northern Lights Blvd, Suite 300, Anchorage, AK 99503

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Alaska is the most expensive state to drill and export oil and gas. Please keep us competitive by voting NO on HB 411.

Joy Miller

Fairbanks, AK 99709

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Thank you for your time. I do appreciate your efforts and the personal sacrifices you make when elected. I pray for courage, strength, and a fresh anointing for all of you when you awake each day.

My name is Chad Gerondale, I am a Sales Manager for Construction Machinery Industrial, LLC (CMI), we have branches in Ketchikan, Juneau, Fairbanks, and Anchorage. We are a family owned company which my father started in 1985. WE sell, service, and rent-Industrial, Logging, Mining, and Construction equipment.

We have 112 employees.

Our business has decrease significantly of the last 4 years as a result of a shrinking demand in our market. The majority of the lost market demand is from Construction, O&G, and Oil Field contractors.

At this time looking at another change to our states O&G tax policy is not a prudent or wise decision, HB411 will not help increase more exploration, more TAPS throughput, and will add another barrier to entry for other potential explorers. If the federal government or local government changed citizens tax structure and policy as many times as the legislature does to the O&G industry, there would be another Boston Tea Party! This is unfair, and provides no consistency which is needed for organizations to be comfortable with further exploration and expansion. Legislators should be considering legislation which will drive and increase investment.

Additionally, HB331 is a good policy. Small independent O&G companies cannot further explore, rent, buy, or service equipment without cash to pay vendors. They need to be given their money.

I have noticed that a large number of the legislators who argue to provide full PFD's, as a right or obligation to the Alaskan people, seem to be the same people who argue not to pay the O&G credits. If there is an obligation to pay one, there is an obligation to pay both. This is hypocrisy at its greatest. Yes there are differences, but an obligation is either owed or not, there is no middle ground. If the IRS withheld citizens tax returns when they were owed, there would be outrage. The state should not withhold funds which are legally owed to any organization, this send the wrong message. These funds themselves will not turn our economy around, but they will allow for funds that can be invested and spent with local vendors like CMI and our competitors.

As a small business owner, and 4<sup>th</sup> generation Alaskan, I am committed to living here in Alaska, however find great frustration in our elected officials. My family is committed to providing safe and profitable branches which which our employees can continue to work. The above mentioned bills make those goals even more difficult for the future.

Please consider these thoughts and comments with blessings.

Thank you for your time and this opportunity.

Chad D. Gerondale

Sales Manager

Construction Machinery Industrial, LLC

Anchorage, Alaska 99518

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Please DO NOT consider or pass HB 411.

This is a last minute attempt to pass yet another tax on the main industry that brings revenue to the state. The current tax structure is working. Companies are producing oil and getting back into black ink after 3+ years of negative returns. Tripling the tax on the oil industry will only cripple the producers and explorers ability to obtain capital for exploration and development of future reserves, and that also means fewer jobs for Alaskans.

The question you must ask yourselves is "is the short term gain worth the long term damage to the oil industry?" Don't kid yourselves, additional taxes on Alaska's # 1 industry will hamper, if not completely stop, the recovery that has begun just recently with the increase in oil prices.

Please leave the current tax system alone. We will produce more oil and THAT will bring in additional revenue to the State.

Judy Patrick

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To the House Finance Committee,

I understand today you are taking comments from the public on HB411. **Our family is against this bill.**

Alaska is currently faced with economic hardships resulting from many poor choices made in Juneau. Do not pass HB411 because this will negatively impact Alaskan families, who are already struggling.

We must come to our senses and encourage responsible oil exploration.

This bill targets Oil Companies by increased taxes. It does nothing to encourage Oil Exploration and everything to demonize it.

**Legislate and do the right thing for Alaska and vote NO on HB411!**

Sincerely,

Mr. and Mrs. Kirk Currey

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Don't change oil/gas tax again!

Kaye Laughlin

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Really cut State spending, leave SB21 as it is, and stop biting the hand that feeds Alaska. What will happen when as of the oil companies leave Alaska? More job loss and more increase of taxes on the hardworking people of Alaska.

Respectfully submitted,

Kelly Larson

Willow, Alaska

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Representatives,

The current tax policy is working. Production has increased as has investment. Raising taxes signals resource developers that Alaska is not a stable place to do business. We need to encourage investment, it provides jobs and opportunities. Please stay focused on what we can reduce or cut as we have in the private sector during this recession. Changing tax policy will not fix the budget, it will decrease opportunities for Alaskans.

Thank you

Tom Hendrix

Palmer, AK

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From: Ken Hills <[kenhills@hotmail.com](mailto:kenhills@hotmail.com)>

Sent: Wednesday, April 11, 2018 6:45 PM

To: LIO Mat-Su <[LIO.Mat-Su@akleg.gov](mailto:LIO.Mat-Su@akleg.gov)>

Subject: Oil Tax

Tell the tax & spend legislatures in the House to leave the oil tax alone!

Sent from my iPhone

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House Finance Members,

I am writing to request that you do not pass HB411. You passed HB111 and we should be seeing auditing information related to THAT bill before another bill is passed to increase taxes again.

In recent years Alaska has made changes in how we do business with the Oil and Gas companies TOO often. We need to stick to our word and show some maturity and confidence in our decisions.



Would you do business with a company if you could never set a budget and stick with it because every time you went to that company their “pricing and/or taxing” were different for YOU based on their failing business model and financial needs at that moment?

I am employed in this industry and have been since I moved to Alaska almost ten years ago. I have watched the Oil and Gas entities tighten their belts over and over to reduce costs and try to continue exploring and producing oil in Alaska. I have seen many of my coworkers laid off due to cuts year after year.

We need consistency in our tax structure for a period of time. Stop messing around with this and focus on how Alaska can reduce our budget and live within our means.

We need to tighten our belts for once and leave the MAIN INDUSTRY IN ALASKA ALONE FOR A MINUTE!

Respectfully,

Cynthia McMillan



The earth laughs in flowers! Ralph Waldo Emerson

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As a lifelong Alaskan I have seen the reoccurring problem of oil and gas tax changes. We have a good tax structure now that has protected the state in a low oil price environment.

Production is increasing and oil prices are up!

We need stability and to encourage development.

Do not pass HB 411.

Ed Oberts, GRI, CRS

Redoubt Realty

Judy Patrick Photography

Anchorage, Alaska 99503

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Do NOT raise oil:gas tax again

Kaye Laughlin  
Eagle River, AK 99577

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VOTE NO ON HB411!!!!

More taxation is NOT the answer.

Do you want to be re-elected? If not, vote yes.

Lori Boltz

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I oppose HB 411.

Duane Dudley

Chief Financial Officer



SolstenXP Inc & Affiliates

Quadco, LLC

Jago Contracting & Management

907-264-6102 office

907-440-9491 cell

406 W Fireweed Lane

Anchorage, Alaska 99503

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Dear House Finance Committee,

I am writing to you to express my strong disapproval of HB 411 and to encourage you to thoughtfully consider your vote on this piece of legislation. This is yet another bill being introduced in the 11th hour that will likely reduce industry investment and further damage the economy. Alaska's energy producers, and conversely, Alaska's residents will feel the fall-out from an increase in production tax by an estimated \$778 million this coming fiscal year.

Alaska needs to maintain a reliable and stable tax system to stay competitive with low-cost oil prospects in the Lower 48 AND encourage new investment in our great state. The prospected revenue from the proposed tax hike would pale in comparison to what new investments and production on the North Slope would bring - as evidenced by the recent ramp up in North Slope production. This is because the current fiscal system is working - why would our legislature want to close Alaska for business when we're in the middle of an American energy revolution?

Alaska's onshore and offshore production are crucial to the oil supply for America's western region as well as America's geopolitical presence in the Arctic region and America's overall consumer energy prices. CEA Alaska strives to raise awareness about Alaska's energy contribution to domestic energy production as well as advocate for sound energy policy. Representatives, HB 411 is **NOT** sound energy policy.

As an advocate for Alaska's energy future and wellbeing of our everyday consumer, CEA Alaska and its board encourages you to avoid changing oil tax policy yet again. Changing the tax policy so frequently is already impacting investment decisions and will lead to fewer jobs, less production, less revenue to the PFD and lower state revenues over the long run.

Thank you for your consideration.

Sincerely,

Anne Seneca



Anne Seneca  
President

Consumer Energy Alliance - Alaska

[ceaak@consumerenergyalliance.org](mailto:ceaak@consumerenergyalliance.org)

(907) 764-0629

200 W. 34th Ave. Suite 412

Anchorage, AK 99503

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Enough is enough. Please do not change our oil tax structure yet again.

Lack of clarity and consistency are killing the goose that lays the golden eggs.



***Steve Hickman***

***Sales***

300 E 54th Ave

Anchorage, AK 99518

Cell: 907-244-1959

[shickman@polarsupply.com](mailto:shickman@polarsupply.com)

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A stable tax platform is required to entice the oil companies to maintain their businesses in our state. Their stability 'trickles down' through their supply chain promoting stable employment and production locally.

Regards,

Ken Therriault, VP/GM

Hector's Welding, Inc.

North Pole, AK

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- HB 411 will further cement Alaska's poor reputation in the oil and financial sectors, potentially jeopardizing the new investment necessary to bring on new production. The 2018 oil tax policy proposal represents the eighth major tax change in the last 13 years.
- HB 411 will do nothing to encourage future production. It will make Alaska less competitive with other oil and gas jurisdictions by raising costs in an already high-cost Arctic environment, creating more harm to Alaska's largest industry and the state's economy.
- Alaska needs to have stable taxes to stay competitive with low-cost oil prospects in the Lower 48. HB 411 moves us in the wrong direction.
- HB 411 risks stalling the growing momentum in investment and production on the North Slope. Alaska needs that investment now more than ever. This is the wrong time to disincentivize development.
- The Legislature should be focused on spurring more industry investment and production, especially since the state earns 12.5% on North Slope production through its royalty share, which accounts for the lion's share of oil revenue at lower prices.
- Encouraging investment and production will have a much larger and significant positive impact on Alaska than the revenue raised from the proposed tax hike.
- The ramp up in North Slope production and activity demonstrates the current fiscal system is working. Oil tax reform made Alaska more competitive and a more attractive place to invest. Investment is up and production is stable, compared to a 4%-8% annual decline under the previous fiscal system.
- Under the current tax system, government share (state and federal combined) is still higher than the producers at every price point. In fact, the state gets paid even when companies are operating at a loss because it still collects royalties, property tax, and a gross production tax.

- Even in these times of moderate oil prices, the oil industry provides approximately 75% of the state's unrestricted general fund revenues and supports at least one-third of our economy.
- It takes an annual industry investment of \$3 billion to \$4 billion to keep production levels stable on the North Slope. This requires a durable and competitive tax policy to fund high-cost Alaska projects.

Best Regards,



*Scott A. Stewart*

Scott A. Stewart

President

Phone: (907) 277-7555

Fax: (907) 277-9295

URL: [www.arcticcontrols.com](http://www.arcticcontrols.com)



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Dear House Finance Committee Members,

I strongly oppose HB 411. It's hard to believe that we are actually looking at yet another change resulting in a significant increase to the Alaska oil taxes.

In order for Alaska to be competitive we must stabilize our tax system. Recently, we have seen potential new industry investment that looks very promising for Alaska long term. HB 411 would put another chilling effect on that investment and further harm our state economy. This bill will do nothing to encourage future production and investment, it will have the opposite effect.

The current system is working. Investment is up and production is stabilizing. Lets not push investment dollars out of Alaska. We need the continued investment by the industry to strengthen our Alaska economy.

Sincerely,

**Josie Hickel**

President

Chugach Commercial Holdings, LLC

**P** (907) 563-8866 | **C** (907) 244-3291

**D** (907) 261-0319 | **F** (907) 563-8402

[www.chugach.com](http://www.chugach.com)



3800 Centerpoint Drive, Suite 1200

Anchorage, AK 99503

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I am a long term Alaskan with 3 kids either in College planning to return or working and living in Alaska with houses and families. Continued uncertainty is jeopardizing the livelihood of my family and the jobs and potential jobs they would hold. Let's not forget every job in Alaska is dependent on oil and gas investments. Continued changes to the oil and gas tax policy jeopardizes future investment due to so much uncertainty. Please for sake of my family DO NOT change the oil and gas tax policy again.

Sincerely,

Robert McDaniel

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Members of the House Finance Committee,

I urge you not to pass House Bill 411. This bill would be bad for Alaska - leading to reduced investment and, consequently, to fewer jobs and production. Alaska is in direct competition with other oil & gas basins, in particular, the Lower 48 shale play opportunities. Increasing taxes on the industry will make investing in Alaska less competitive. SB21 is working, leave it alone.

Regards,

Daniel Clark

Anchorage, Alaska

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Greetings

I oppose HB 411

Have a super grand day,

Cyndi 🌸 Saunders

Anchorage Ak

99516-1890

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As a contractor in the Oil & Gas Industry, we feel that HB 411 would be catastrophic to our industry. We have endured a severe impact from previous bills that were passed. This one will create a larger downturn in our economy and put countless more employees out of work. Being in the small economy we are on the Peninsula, this downstream effect on most other local business is unacceptable. The struggle is real for us and all involved in the continued taxation of the States largest contributors to our economy. The following points need to be taken into consideration!!

HB 411 will further cement Alaska's poor reputation in the oil and financial sectors, potentially jeopardizing the new investment necessary to bring on new production. The 2018 oil tax policy proposal represents the eighth major tax change in the last 13 years.

- HB 411 will do nothing to encourage future production. It will make Alaska less competitive with other oil and gas jurisdictions by raising costs in an already high-cost Arctic environment, creating more harm to Alaska's largest industry and the state's economy.
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- Under the current tax system, government share (state and federal combined) is still higher than the producers at every price point. In fact, the state gets paid even when companies are operating at a loss because it still collects royalties, property tax, and a gross production tax.
- Even in these times of moderate oil prices, the oil industry provides approximately 75% of the state's unrestricted general fund revenues and supports at least one-third of our economy.

It takes an annual industry investment of \$3 billion to \$4 billion to keep production levels stable on the North Slope. This requires a durable and competitive tax policy to fund high-cost Alaska projects.

Please take these point into consideration, before making your decisions on this matter.  
We are all thinking about these points as we head to the ballot boxes at voteing time.....  
Respectfully,

Bill Simonsen  
Electrical Division Manager  
Udelhoven Oilfield System Services Inc.

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I strongly oppose HB411. We tax the oil companies enough already!!  
Cut state government spending!

Regards,  
Gary Swoffer  
Fairbanks, AK 99706

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Dear Finance Committee

I want to send you this email to express to you my outrage at yet another oil tax bill. The only thing you seem to want to do is raise taxes on the Producers from the moment you show up in Juneau to the moment you leave.

Why don't you spend time encouraging investment. You spend time trying to figure out how to drive away investment.

There is nothing stable about doing business in Alaska at all. The only thing you can count on if you come here or invest here is that the Legislature will change your taxes as many times as they can in the shortest period of time possible.

There is plenty of money in the earnings reserve to satisfy your out of control spending - so take it and use it.

Enough is enough. For once do the right thing and encourage investment here (like every other State does). Even Trump has helped us and yet all we want to do is raise taxes - Really?

Cathy Duxbury

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The state of Alaska doesn't need another tax increase on oil. This will reduce jobs and oil production through the Trans Alaska Pipeline. Tax uncertainty leads to reduced investment in Alaska by Oil Companies  
Ed Gohr

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- Alaska needs to have stable taxes to stay competitive with low-cost oil prospects in the Lower 48. HB 411 moves us in the wrong direction.
- HB 411 risks stalling the growing momentum in investment and production on the North Slope. Alaska needs that investment now more than ever. This is the wrong time to disincentivize development.



Randy Brand

Fairbanks, AK

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