

**From:** [John Duffy](#)  
**To:** [Senate Finance Committee](#)  
**Subject:** Comments on HB247  
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May 14, 2016

Senate Finance Committee:

Please pass reasonable reform to our oil and gas tax credit system. If the law is not changed, we'll be paying more in credits than we'll receive in unrestricted general fund revenue from the oil industry in FY 17. If the law is not changed, oil tax credits would be the third-largest line item in Alaska's operating budget in FY 17 (unrestricted general fund spending). The current oil and gas tax credit system puts oil tax credits ahead of the University of Alaska; ahead of the Departments of Corrections & Public Safety combined; and ahead of the Department of Transportation and Public Facilities & the capital budget combined.

The Legislature should not be cutting spending on education, public safety, support for seniors, health care, local government, resource management while giving tax credits to the oil and gas industry. Moreover, we can't afford to continue paying these credits and it threatens the viability of the Permanent Fund Dividend program.

Just as oil companies have a duty to protect their shareholders' interests, the governor and lawmakers have a duty to protect Alaskans' financial interests.

Simply put, the oil and gas industry should pay a minimum tax and there should be zero credits allowed.

Oil and gas companies speak often of the need for a stable fiscal climate. The current system of tax credits at current low oil prices is far from stable. The state treasury cannot withstand the impact of tax credit payments, and the imposition of other taxes on Alaskans cannot pass the red face test if the money is going to go directly to oil and gas companies to compensate them for their business losses.

Alaska needs a stable fiscal regime that is not based on give-aways to industry, especially when the give-aways result in reduced support for our State Troopers, education and road

maintenance and construction.

Thank you for the opportunity to provide comments.

Sincerely,

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