

ALASKA STATE LEGISLATURE

Juneau
State Capitol Bldg. Rm 424
Juneau, AK 99801-1182
Phone (907) 465-4930
Fax (907) 465-3834
1-800-331-4930



Anchorage
716 W. 4th Avenue
Anchorage, AK 99501
Phone (907) 269-0174
Fax (907) 269-0177

Representative Gardner, Gara, Tuck, and Kawasaki

Sponsor Statement House Bill 263 – Production Tax Credit; Disclosures

Since Alaska went to a net profits tax on oil and gas, Alaska has invested \$4 billion in tax credits to explorers and producers. In so doing, our intention has been to have some skin in the game by buying down the risk for other investors, and ultimately, to recover our investment through increased oil in the pipeline. Is our \$4 billion investment heading toward success, or are we paying for routine maintenance or for investments which would have been made without our participation?

In any business partnership, all parties need to know the return on their investments, yet after five years of investments, Alaskans do not know with any certainty what we have bought with our significant investment. To hold ourselves and the industry accountable, Alaskans need to have public descriptions of where our money is going.

This legislation will provide the state with information on our investments. It asks tax payers who file for tax credits, to agree to release a description, the purpose, and the general location of the expense as a condition of participation in the credit program.

Assessment of Alaska's oil and gas exploration credits to determine the effectiveness is vital information. If the State is going to continue to dramatically buy down any oil companies risk in exploration and production, we need to be sure our investments are going to efforts that further development in Alaska and put more oil in the pipeline. Having this information will allow us to understand the strengths and weaknesses of the system in order to effectively incentivize increased production.

Please join us in passage of this legislation. If you have any questions, please contact Representative Gardner's staff, Noah Hanson, at 465-4068 or Noah_Hanson@legis.state.ak.us.