

Alaska State Legislature

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Representative Mark A. Neuman

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Sponsors Statement for House Bill 217

"An Act relating to the tax applicable to the production of natural gas used in the state as fuel or feedstock in producing a manufactured end product."

"Alaska is facing a critical shortage of energy and a declining economy." We've heard this from academics, economists, and members of the business community.

Families are watching with great concern their energy costs increase while the unemployment rate has climbed to 8.8%. Alaskans are experiencing a growing concern about our economy.

Our efforts need to focus on providing Alaskans opportunities to work, a sense of security, and a quality of life they can enjoy.

HB 217 incentivizes the development of the state's gas resources by lowering the current production tax on gas "used as fuel or feedstock" within the state of Alaska.

Currently as defined in AS 43.55.900 (24), "used in state" means delivered for consumption as fuel in state, including fuel consumed to generate electricity.

This bill adds to the definition of "in state use" the following: "or used as fuel or feedstock in a manufacturing process creating an end product in the state, regardless of the final disposition of the end product."

HB 217 enhances the interest in the development of the state's gas resources, it maximizes the economic and physical recovery, encourages competition to explore and develop, and provides Alaskans the opportunity to prosper. All these are in the best interest of Alaskans and the State.