

Testimony of Resource Development Council for Alaska to
Senate Resource Committee,
Regarding SB21
February 18, 2013

Good evening, Madam Chair Giessel and members of the committee. My name is Rick Rogers, Executive Director of the Resource Development Council. RDC is a diverse statewide business association representing forestry, oil and gas, mining, tourism, and fishing industries.

Stop the give away! The real give away is the oil locked in the ground because we're simply looking at maximizing short-term tax revenue at the expense of encouraging investment and production. Consider that since 2007 we have lost over 210 million bbls. of production, with a gross value at point of production of over \$17 billion¹. If a less aggressive tax regime could cut our decline rate in half, over 8 billion new dollars would be circulating in our economy. The give away is giving away our future for short term and clearly unsustainable tax revenue.

Some of the most vocal proponents of production tax reform among our membership are from those not directly involved in the oil and gas industry. The business community is fearful what continued TAPS throughput decline will do to our economy as a whole.

The Governor has shown leadership in outlining four guiding principles that we firmly support: fairness to Alaskans; encouraging new production; simplification and durability over the long term.

¹ Production from table C-2a, real 2012 dollar values from tablesB-1a 2012 DOR Revenue Sourcebook

The discussion needs to be how to encourage more production, a more long-term view. Taxing ourselves to prosperity is not a strategy. We remain concerned that the legislative process will result in a tax policy that is too timid and does not encourage substantive investment. We urge you to keep your eyes on the prize, more investment leading to more production. It is of utmost importance that such a meaningful tax reform bill passes this session.

So in closing on this President's day I leave you with two quotes that I hope can help guide your deliberations, not from Washington or Lincoln, but from Lyndon Johnson and Calvin Coolidge.

LBJ said, "The most dangerous thing you can do to any businessman in America is keep him in doubt and to keep him guessing on what our tax policy is."

Coolidge said, "The method of raising revenue ought not impede the transaction of business, it ought to encourage it."

That concludes my comments, thank-you for hearing from me on behalf of RDC.