

Hearing Minutes Excerpt  
Senate Resources Committee  
March 1, 2017

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RICHARD RUGGIERO, Legislative Consultant, Castle Gap Advisors, Alaska State Legislature, Juneau, Alaska, said 10 years ago, as a member of the Gaffney Cline team he wrote in a memo that basically Alaska was one of the most opaque places with respect to data coming from the oil companies for this body to be able to make its policy decisions. And today it remains the same. The state is actually making decisions with a whole lot less information than similar bodies in the other governments he works for. For members who don't know him, he spent decades as big oil, he spent over a decade advising governments, and he spent almost a decade with a large service company, so he has varied perspectives. He said for legislators to make good durable decisions and understand how well the credits are working they need another layer of information and detail. One difference he still sees today is that the Tax Division is the one talking about production and it is bound by confidentiality of the tax return it gets. But 90-plus percent of the information that goes on a tax return is basic oil field operating data that all the other regimes he works for report to the equivalent of the DNR or the AOGCC here in Alaska and openly report it. In fact, he could go on line and show them a field in Norway that has well-by-well detail with a 30-year history of the capital that was spent and the production that resulted from that capital, as well as a five-year projection of work they plan on doing, what plans have been approved, and what the expectations are for that country as they move forward.

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Secondly, Mr. Ruggiero, said with respect to data transparency, he knows they get into a continual discussion of how much someone got paid being confidential tax payer information, but now there is a global initiative called the "Extraction Industry Transparency Initiative," which many governments have signed on to including the U.S. government. The Securities and Exchange Commission (SEC) is going to require anyone who is listed on their stock exchange to publish, if they are part of the extraction industry, the payments they make to governments and disaggregate those into five or six categories. That type of law is already in place in Europe. He can show them what every oil company has paid to Norway in terms of license bonuses, royalty, petroleum taxes, and income taxes. He could go to the U.K. website and find out how much a company that operates in Alaska actually paid the State of Alaska as income tax, royalty, and as license fees in 2015. There is also a 2014 report. So, companies are required to provide information, and if he could make a suggestion he would say that elsewhere in the world much more information changes hands than in Alaska, and that data is available to the government for setting policy with respect to what acreage it makes available, to what data that helps others come in, and data to inform making tax policy.

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