SENATE FINANCE COMMITTEE
November 9, 2007
9:16 A.M.

CALL TO ORDER

Co-Chair Bert Stedman convened the Senate Finance Committee meeting at 9:16:51 AM.

MEMBERS PRESENT

Senator Lyman Hoffman, Co-Chair
Senator Bert Stedman, Co-Chair
Senator Charlie Huggins, Vice Chair
Senator Kim Elton
Senator Donny Olson
Senator Joe Thomas
Senator Fred Dyson

MEMBERS ABSENT

None

ALSO PRESENT

Senator Gary Stevens; Rich Ruggiero, Consultant, Gaffney, Cline and Associates Inc.; Bob George, Consultant, Gaffney, Cline and Associates Inc.

PRESENT VIA TELECONFERENCE

None

SUMMARY

SB 2001 "An Act relating to the production tax on oil and gas and to conservation surcharges on oil; relating to the issuance of advisory bulletins and the disclosure of certain information relating to the production tax and the sharing between agencies of certain information relating to the production tax and to oil and gas or gas only leases; amending the State Personnel Act to place in the exempt service certain state oil and gas auditors and their immediate supervisors; establishing an oil and gas tax credit fund and authorizing payment

from that fund; providing for retroactive application of certain statutory and regulatory provisions relating to the production tax on oil and gas and conservation surcharges on oil; making conforming amendments; and providing for an effective date."

SB 2001 was HEARD & HELD in Committee for further consideration.

SENATE BILL NO. 2001

"An Act relating to the production tax on oil and gas and to conservation surcharges on oil; relating to the issuance of advisory bulletins and the disclosure of certain information relating to the production tax and the sharing between agencies of certain information relating to the production tax and to oil and gas or gas only leases; amending the State Personnel Act to place in the exempt service certain state oil and gas auditors and their immediate supervisors; establishing an oil and gas tax credit fund and authorizing payment from that fund; providing for retroactive application of certain statutory and regulatory provisions relating to the production tax on oil and gas and conservation surcharges on oil; making conforming amendments; and providing for an effective date."

9:19:08 AM

RICH RUGGIERO, CONSULTANT, GAFFNEY, CLINE AND ASSOCIATES INC., referred to a handout entitled, "Alaska's Equitable Share" [copy on file].

AT EASE: 9:20:07 AM

RECONVENE: 9:20:20 AM

BOB GEORGE, CONSULTANT, GAFFNEY, CLINE AND ASSOCIATES INC., introduced himself.

Mr. Ruggiero related that the presentation would cover the goals of a petroleum system in Alaska, address three fiscal structures – PPT, ACES, and the Senate CS, look at how the fiscal systems would impact a representative portfolio, and analyze the Prudhoe Bay drilling program.

9:22:15 AM

Mr. Ruggiero addressed the five goals for fiscal design. Fields with larger profitability should be paying more taxes. Investment in existing units should be encouraged. New investment outside legacy units should be encouraged. Durability should be considered. Prior tax dialogue should be built upon.

Mr. Ruggiero turned to goals 1, 2, and 4, which relate to the fiscal design challenge. The state must address the “take”, “progressivity” and “give back”. He commented on the continuing variability of price, production, and cost.

9:25:25 AM

Senator Dyson shared a conversation he had with Gaffney, Cline & Associates regarding what inflation does to the trigger point. They said that inflation probably won't materially distort the system for at least 5 years, maybe 10 years. He spoke of the relationship between inflation and the trigger point and concluded that the latter would not be distorted for a while. He thought that Gaffney, Cline had credibility.

Co-Chair Stedman thought it was a good point. He requested the presenters to further address progressivity in the presentation.

9:27:39 AM

Mr. Ruggiero explained goal 3 - encourage new investment in the state. He reported that the proposed legislation is attractive for encouraging investment in the state. The inclusion of investment credits and the net operating loss credits with aid to new entrants with no existing tax base are good incentives. The net based and progressive structures are self-correcting and good for new entrants with higher costs. The net system is an advantage for fields more distant from the infrastructure, heavy oil, and gas.

Mr. Ruggiero reported that Alaska is one of the best regimes for new entrants in the world. He related that there are places in the world that allow the immediate write-off of capital expenditures, such as the UK, but they don’t have the investment credit as an uplift. Places like Norway and others have varying

depreciation schedules. There are a number of production sharing agreements which provide for an immediate write-off up front. He stressed that most new PSC's are specific to projects. He used a Prudhoe Bay PSC as an example.

9:31:04 AM

Mr. Ruggiero turned to the summary of terms to compare the three systems: PPT, ACES, and Senate CS. The base rate under PPT is at 22.5 percent; ACES and the Senate CS are at 25 percent. The kick-off points are at $30 and $40. Progressivity ranges from .2 to .4 percent. The proposals were capped at 47.5 to 50 percent.

Mr. Ruggiero explained the three fiscal systems in terms of what the production tax would be at various margin rates per barrel. Margin is not the oil price. The taxes are all based on the net margin. This is where various regimes are self correcting. He gave an example of a field with $20 overall cost and a $95 market.

9:34:11 AM

Mr. Ruggiero noted that there has been a lot of discussion about whether caps are too high, or if progressivity is too steep at today's prices. He commented that progressive systems are built and designed to capture price spikes and the state's fair share. If prices remain flat, costs would continue to increase for producers. He explained that the system would correct for any changes in increased costs. The question is if it would correct fast enough.

Co-Chair Stedman asked if at the higher end this was converted to government share and industry share, if the state would be at a disadvantage. Mr. Reggiero didn't think so.

Mr. George thought that future slides would address the question.

9:37:23 AM

Co-Chair Stedman said he was not referring to dollars, but to percentage splits. EconOne reported that would happen.

Senator Elton summarized that as costs increase, “we’d go down on the curve,” and the issue could be whether it corrects fast enough. He asked if the same problem exists if the margins go up. Mr. Ruggiero replied that he would show an example of that in the presentation.

9:38:39 AM

Mr. Ruggiero turned to progressivity impacts. The use of progressivity creates a sizeable difference between the effective rate and the marginal rate of tax in relation to investment decisions. This is present with the existing PPT language, but not in the other versions of the tax. It creates a good-sized “carrot” for the oil companies to reinvest the cash flow that they are generating from the state. If they decide to take cash outside the state, it becomes a good-sized “stick”.

Co-Chair Stedman noted that the administration’s proposal has a lower progressivity rate. He heard the presenter say that the state should be looking at a higher progressivity. Mr. Ruggiero said he was not advocating a lower or higher rate. Because of the mathematical aspect of progressivity, low or high, it would have an impact that is greater as progressivity increases. The point is, because of this impact, it creates a carrot or stick environment. The size of it depends on the rate of progressivity.

9:40:59 AM

Mr. Ruggiero explained margin cases. Four points were chosen on the curve to clarify progressivity impacts. Moves left or right of A or B are flat changes. Federal and state income tax impacts have been excluded from the graph.

Mr. Ruggiero used an example of a company that has $1000 before tax cash flow and was trying to decide whether or not to make a $100 investment. He ran the example through various scenarios.

Mr. Ruggiero used an example of taxpayer “C” on the low end of the slope, with and without investment. He described how savings could occur because of reduced taxable income and a change in taxable income due to progressivity.

9:46:24 AM

Mr. Ruggiero used taxpayer "D" on the high end of the slope as another example of production tax savings due to investment.

Mr. Ruggiero turned to a graph of C & D which depicts the new marginal tax rates and the effect of progressivity on investment.

9:49:44 AM

Mr. Ruggiero explained the relationship between progressivity and goals 1, 2, and 3. He described how progressivity impacts a portfolio of investments under a variety of situations.

Senator Huggins asked if there is a lower profit margin on the window of leases with profit sharing. Mr. Ruggiero replied that he has not been provided all the terms of those agreements so he could not comment on how the net profit leases work. Senator Huggins pointed out the need to ensure timing and avoid unintended consequences.

9:54:21 AM

Mr. Ruggiero contrasted overall government take on a variety of fields including UK new and legacy fields, and Norway. There is an assumed cost of $20 in the comparison. Norway and the UK do not have a royalty structure. From $0 to $20 per barrel, there is no government take. However, with the first dollar above $20, the government take is: 50 percent in the UK new fields, 75 percent in the UK legacy fields, and 78 percent in Norway. He explained the difference as seen under the Senate CS at various oil prices and with the effect of royalty.

9:57:05 AM

Co-Chair Stedman noted the production tax differs between the legislature's version and the administration's version. He wondered how ACES fits into the picture. He stated that the Governor supports a 25 percent base tax and lower progressivity, which is different from what Mr. Ruggiero was showing. He requested that ACES be added to the chart.

Mr. George offered to add ACES to the chart. He stated that the effect would be exactly the same up to $50 per barrel, and then it would progress at half the rate shown on the chart. The slope would be slower, but the impact would be the same.

9:58:18 AM

Co-Chair Stedman recalled a discussion of fair share at the beginning of the presentation. The Committee did not spend much time on the original PPT in the range over $70 per barrel; however, it did spend a lot of time on the lower ranges. The higher price is more relevant today.

Mr. Ruggiero related Alaska's status in overall take, as compared to the others in the chart.

10:00:02 AM

Co-Chair Stedman noted that information correlates highly with other studies seen.

Senator Dyson was also interested in discussing a scenario where increasing costs cause a drop below the trigger point. He requested comments about what happens to the state's take if it is below the trigger point, both at 22.5 percent and 25 percent, especially if the floor is eliminated.

Senator Elton assumed that the same issue related to rising costs applies to the UK fields and Norway.

Mr. George replied that the issue is not entirely the same. Both the UK and Norway have entirely profit-based taxes, with no royalty.

10:02:17 AM

Senator Elton surmised if costs go up or if prices go down, the state is better protected because of the royalty and there is less risk. Mr. George said that was correct.

Senator Huggins requested to see the same information as it applies to small developers in North America and Alberta. Co-Chair Stedman agreed that would be valuable information because Alberta is one of Alaska's competitors.

Senator Dyson asked how much capital is invested in the Gulf of Mexico. He requested a comparison of Alaska to that area. Mr. George agreed to add that information.

10:04:10 AM

Mr. Ruggiero noted that much of the total government take in the Lower 48 and in the Gulf of Mexico is based on historical leases. In a number of projects recently in the U.S., due to the release of acreages, royalties have been as high as 37.5 percent. Existing acreage that can be developed yields one type of number; wildcatters taking up acreage that might have been given up years ago yield a much higher number.

Mr. Ruggiero explained that in the deep water Gulf of Mexico the mineral management services (MMS) recently raised royalties again.

Senator Huggins asked for more information about U.S. royalty regimes. Mr. Ruggiero agreed to supply that information.

Co-Chair Stedman asked if the government takes are average and not marginal. Mr. George affirmed that they reflect the average rate.

10:07:51 AM

Co-Chair Stedman asked if the government take would be higher if the U.S. went to a marginal rate. Mr. George said, as it affects production tax, so would it also impact total government take. An increase in price could create a much higher marginal rate for a short period of time. Simply making a capital investment can bring the marginal rate down.

Co-Chair Stedman asked how large the increase would be with marginal rates at various prices per barrel. Mr. George responded that a $1 increase in oil price could result in a 10 - 15 percent increase. Co-Chair Stedman requested a numeric answer. Mr. George said that information could be found on the Y axis in the graph.

10:09:23 AM

Mr. George addressed progressivity and goals 1, 2, and 3 regarding how portfolio impacts can work. He looked again at the generic structure as it applies to PPT, ACES, and the Senate Judiciary CS. The net tax structure is thought of as a net tax on the profit margin, when, in reality, it is more a tax on a company’s retained cash flow. The progressive feature is the

same in all three bill versions. It allows for different tax rates depending on profitability. A more aggressive net progressivity will provide a greater differentiation within the system.

Mr. George explained that he has created a hypothetical portfolio to highlight legacy assets and the impact of adding new investments and how that affects the rates and investment decision making. He began with an example based on PPT.

10:14:14 AM

Mr. Ruggiero added another example.

Co-Chair Stedman noted that during a previous hearing on PPT, a lot of time was spent on progressivity, triggers, and slopes, concentrating on the effect of government share at high oil prices. The discussion of marginal expansion is a different area of analysis of progressivity. He wondered about the magnitude of progressivity needed to accomplish what the presenters were depicting.

Mr. George said he would address that topic next. The current example used a fairly high margin of $67 on the initial investment and the margin came down to about $30 on the last investment. It is not a fixed set of numbers. It allows for a higher rate of tax on the more profitable parts of the portfolio without hurting the less profitable parts.

10:17:53 AM

Mr. Ruggiero added that this example was run on PPT and there would be upcoming examples that would show the same impact under ACES and under the Senate CS.

Mr. George returned to the slide to highlight the impact of PPT with different marginal components.

Mr. George turned to an example under ACES, which has a higher base rate, an earlier progressivity kickoff point, and a slower slope. The overall effect is to raise the average take within that particular portfolio and change the slope slightly.

Mr. George compared the previous slides to the Senate Judiciary CS, which had a much steeper change.

Senator Dyson asked if Field Z was a more expensive field to produce. Mr. George replied that it has a lower margin because it is more expensive to produce and it may be heavier oil, which receives less per barrel.

10:20:28 AM

Senator Dyson asked if the Senate Judiciary CS gives lower taxes for the challenged fields than ACES does for Field Z. Mr. George said that was exactly correct.

Mr. Ruggiero clarified that it "was lower effective taxes when it's added to a portfolio, not when it's stand alone". The arrow represents the relative rate of tax if X then Y then Z are added in.

Senator Dyson inquired which proposals are of the most advantage to the challenged fields.

10:22:05 AM

Mr. George explained if you move below progressivity, the same effect would take place as if you were at exceedingly high margins; there would be a flat rate and no differentiation between fields. The greatest incremental effect of the three bills would be the Senate Judiciary version. The greater the progressivity, the greater the impact on the least profitable fields.

Co-Chair Stedman clarified that the red line is more stimulating to the heavy oil environment. Mr. George agreed that Field Z would be the most representative of a heavy oil field.

10:23:48 AM

Co-Chair Stedman commented that steep progressivity would be an advantage to heavy oil, and flat or no progressivity would be a disadvantage to heavy oil. Mr. George said that the rate under a lower progressivity would be slower than under high progressivity.

Mr. George restated the advantages and disadvantages of progressivity rates as they impact heavy oil.

Co-Chair Stedman inquired if it is also fair to assume that high progressivity would stimulate high cost fields and would end up funneling more cash to the treasury. Mr. George requested clarification of the question.

Co-Chair Stedman summarized that the abundance of heavy oil is a challenge to the state, as is building a new gas line. He noted that the steeper the progressivity, the more advantageous it is from the state's perspective to harvest and sell heavy oil and to collect more state revenue.

Mr. George used $30 as an example of a kickoff point, such as is shown in ACES and in the Senate Judiciary proposals. As the progressivity steepens, the greater affect there is, and the greater the relative benefit to Field Z. The greater the progressivity the lower the margin at which the maximum rate is attained. Two effects are at work and each specific case has to be looked at individually.

10:26:40 AM

Co-Chair Hoffman commented that starting at a lower tax structure such as 22.5 percent could achieve a steeper slope.

Mr. George agreed, if the intent is to produce a lower effective rate on Field Z.

Senator Huggins requested clarification.

10:27:23 AM

Mr. George noted that there were two concepts; the tax rate and the tax rate relative to other parts of the portfolio. The steeper the progressivity curve, the greater the relative effect.

Senator Huggins recalled the goal to incentivize the more challenged fields. Mr. George concurred.

Co-Chair Stedman emphasized the importance of the base rate and the progressivity. He noted the administration's desire, as shown in ACES, to increase the base rate and have a lower progressivity. He suggested that lowering progressivity might not be in the state's long-term, best interest.

Mr. George agreed that there are tradeoffs. Lower base rate and lower progressivity yield less overall, as well as on the legacy fields.

10:30:30 AM

Senator Elton compared the existing revenue chart with the bar labeled Z. He concluded that with a steeper progressivity rate, investment decisions might be distorted.

Mr. George did not necessarily agree. He explained that it is not just a tax on the net margin; it is a tax on the net retained cash flow. It comes from the net operating margin – the price for which the oil is sold, less the operating expenses. There is also a deduction for capital expenditures. He gave an example of such a deduction where capital expenditure lowers the rate even further from 27.4 percent to 25.9 percent. That is equivalent to having a tax savings on the capital and can be larger than the tax rate itself.

10:35:37 AM

Mr. George described how investment tax credits also apply, which have the impact of lowering the effective rate even further. He showed the tax rate by field within a company as affected by portfolio blending, CAPEX (capital expenditure), and tax credit.

Senator Dyson voiced appreciation for the valuable information. He wondered if Mr. George had any input into the structuring of ACES.

Mr. George described his involvement with ACES. He stressed that he made no specific recommendations regarding any particular tax system, but spoke in favor of a net system.

10:38:41 AM

Senator Dyson said he was impressed that ACES and others do give the advantage to the more marginal fields. He inquired if it was fair to say that with a lot of investment, explorers and producers could end up with an effective tax rate lower than the existing PPT.

Mr. George explained that the effective rate at the margin could be lower than the headline marginal rate of 22.5 percent in the case of PPT, or 25 percent in the case of ACES, so long as there are a static set of conditions going forward.

Mr. Ruggiero noted that a good question to ask was how raising taxes would make projects more economical. If the overall tax structure on the more challenged projects is raised, those projects become even more challenged. The highly progressive structure provides an incentive, that otherwise would not exist under a flat tax structure, to develop the more challenged structures.

Senator Dyson took that explanation as an affirmation of his question.

Senator Huggins said he sees the Governor's proposal as the least enhancing for Field Z. It is the highest tax rate of the three scenarios.

Mr. George related that under that set of conditions the effective rate on Field z would be higher than under the other two proposals, although the average rate would actually be lower than under the Senate bill.

Senator Huggins concluded that there are potentially more innovative ways to enhance Field z than what is contained in the Governor's bill.

Mr. George agreed that higher progressivity would be more beneficial to Field Z.

Senator Huggins noted that PPT had higher progressivity.

10:43:14 AM

Co-Chair Stedman asked if Gaffney, Cline & Associates was hired to consult with the administration to help draft ACES, raise the base tax, and lower the progressivity.

10:43:55 AM

Mr. Ruggiero stated that the administration initially hired the company to get an idea of what worldwide take was for just-coming-on-stream or approved-and-under-construction major

projects, in order to get an idea of what sort of tax structures were being used. The second time the company was hired was in August in order to present the company's views on what was happening in the oil world. That was the extent of the company's involvement. They did not have any input into ACES. The company was requested to provide data on capital investing habits of the big oil companies.

Co-Chair Stedman inquired if they made recommendations on a specific base tax and progressivity. Mr. Ruggiero said they did not.

Co-Chair Hoffman asked what impact the triggers of $30 and $40 have on the tax rate of Field Z in the combined portfolio.

Mr. George replied that he would have to review the model in order to answer that question. He said that, generally, the higher the trigger point, the greater the possibility that the field would become effectively taxed at the base rate rather than at a lower rate.

AT EASE: 10:47:24 AM

RECONVENE: 11:09:09 AM

Mr. Ruggiero turned to the slides dealing with actual Prudhoe results. He emphasized that that the Gaffney, Cline & Associates (GCA) model is a model fit for a specific purpose – in-field drilling.

Mr. Ruggiero said that when looking at other presentations by industry, there appeared to be significant upside in terms of barrels of oil to be produced by investing to reduce the natural field decline rate in the major North Slope fields. The economics of reinvestment in the existing producing assets on the North Slope are extremely profitable when tested against various stress points.

11:11:08 AM

Mr. Ruggiero expressed confidence in GCA's model. He termed it a snapshot of a portion of the oil business in Alaska. It contains the ability to analyze based on the data presented by British Petroleum (BP), the economics of the Prudhoe Bay infill drilling program.

Mr. Ruggiero explained the slide dealing with Input Controls. The left column shows drilling program years and multipliers. The model has the ability to test the drilling program against any scenario. The multipliers can be used to make corrections. One correction in the standard version is the CAPEX multiplier, which has been set at 300 percent. The data obtained from BP on CAPEX spending was further clarified as the dollars spent on drilling-producing wells, which carry more CAPEX. Associated with that are injection wells and the cost to drill them, as well as the cost of surface facilities to handle the new production.

Mr. Ruggiero listed the components of the model; 300 percent CAPEX multiplier, discount rate of 15 percent, royalty of 12.5 percent, PPT net tax rate of 22.5 percent, PPT progressivity of .25 percent, kickoff point at $40, and the price of $80. The price modifies the future. The past is fixed with the exception of the CAPEX multiplier, which modifies history.

Mr. Ruggiero explained that the model contains actual results from 2002-2006. For OPEX an extrapolation from Alaskan annual reports was used. A full cash flow model was built based on all the various taxes and royalties owed.

11:15:46 AM

Mr. Ruggiero reported that, overall, this program at an $80 price point forward shows an internal rate of return of 67 percent and a net present value at 15 percent discounting of $3.2 billion. On an undiscounted basis, entirely under PPT, Alaska royalty and taxes would have taken in $10.4 billion. Under a 15 percent discounted basis, it would have taken in around $3.9 billion. He emphasized that this is not a stand alone program, but a piece of the whole operation. He termed it an incremental model because he did not have the data for a comprehensive model. The purpose is to decide whether or not to do infill drilling and arrest the decline in existing fields.

Mr. Ruggiero recalled his alarm when he first saw the astronomical size of the numbers. He emphasized that a robust drilling program remains profitable at: 300 percent CAPEX, 200 percent OPEX, a discount rate of 25 percent, $50 ANS, and high progressivity.

11:18:18 AM

Mr. Ruggiero referred to a slide that depicts an overly stressed case. The rate of return is now down to 56 percent and the net present value, which was over $3 billion, is now down to $975 million. This is at 25 percent discounting. The value of future cash flows are much reduced by the time it is brought back down to "times zero" on the investment.

11:20:31 AM

Mr. Ruggiero mentioned previous testimony by Alaska Oil and Gas Association (AOGA) which called the GCA model outrageous. AOGA questioned how good the model could be if a zero price yields a 156 percent rate of return. He pointed out the discrepancies in CAPEX on the control page. He discussed historical data that cannot be changed and what would happen if the multipliers were changed. He dispelled AOGA's arguments. He reiterated that GCA's model is a cash flow model of infill drilling, not representative of the overall North Slope operation.

Co-Chair Stedman asked if the environment when capital decisions were made was during a $25 per barrel price range, which then doubled over a four-year period. Mr. Ruggiero agreed.

11:24:07 AM

Co-Chair Stedman asked if the payback time was greatly accelerated with these higher prices. Mr. Ruggiero said that wells drilled in 2002 were planned a couple years prior.

Mr. Ruggiero explained the model at $50 per barrel. He agreed with Co-Chair Stedman that the price index used in the model was not the same as the one used today. He commented on the importance of the model standing up under various fiscal systems.

11:27:31 AM

Co-Chair Stedman asked if the base value of operating and capital costs escalated by 300 percent. Mr. Ruggiero said it did. Co-Chair Stedman requested more information. Mr. Ruggiero explained that the $245 million figure came from the BP presentation. He used examples of what happens when the multiplier changes.

Co-Chair Stedman inquired how downstream costs are handled. Mr. Ruggiero related that the data was based on an ANS price as reported in the Department of Revenue fact book. The data for TAPS and shipping were not included. He explained the various pieces used in the calculations.

Mr. Ruggiero discussed North Slope potential in terms of how production drives revenue. He showed a generic model based on various decline rates, barrels produced, and industry investment. Economics under PPT was examined. He explained the decline rates and the 250,000 bpd abandonment rate, which was based on the oil companies' and AOGA's presentations of the mechanical limit of 300,000 bpd for TAPS. He thought that a mechanical limit would not be an economic limit, but it was too soon to tell.

11:32:55 AM

Mr. Ruggiero discussed how production drives revenue under PPT. He explained the net present value 10 percent discounting, the net present value at zero percent discounting, and the net present value at zero percent on a per barrel basis. He highlighted the various scenarios of decline rate, barrels produced, and industry investment.

11:36:16 AM

Mr. Ruggiero related aspects of delaying TAPS abandonment. He explained the impact of the abandonment rate on North Slope recovery. This can be done by changing the mechanical operations or by developing new fields. He highlighted scenarios of abandonment rates.

11:38:40 AM

Senator Thomas said is it obvious that one size does not fit all. He requested more information about progressivity goals 1, 2 & 3, and how progressivity relates to the heavy oil in the legacy fields.

11:40:11 AM

Mr. George clarified that the effect of bringing a lower margin stream of production into an existing portfolio is to lower the effective tax rate on the progressivity part of the curve.

Senator Dyson voiced concerned that the state may be operating below the trigger point because of production costs. He wondered what the delta in the state's net take would be at 22.5 percent.

11:43:03 AM

Mr. George replied that he did not know what the state’s take would be. He offered to provide that information.

CS HB 2001 (FIN)am was HELD in Committee for further consideration.

ADJOURNMENT

The meeting was adjourned at 11:46:33 AM.