

**ALASKA STATE LEGISLATURE
HOUSE RESOURCES STANDING COMMITTEE**

February 21, 2011

5:22 p.m.

MEMBERS PRESENT

Representative Eric Feige, Co-Chair
Representative Paul Seaton, Co-Chair
Representative Peggy Wilson, Vice Chair
Representative Alan Dick
Representative Neal Foster
Representative Bob Herron
Representative Cathy Engstrom Munoz
Representative Berta Gardner
Representative Scott Kawasaki

MEMBERS ABSENT

All members present

OTHER LEGISLATORS PRESENT

Senator Cathy Giessel

COMMITTEE CALENDAR

HOUSE BILL NO. 110

"An Act relating to the interest rate applicable to certain amounts due for fees, taxes, and payments made and property delivered to the Department of Revenue; relating to the oil and gas production tax rate; relating to monthly installment payments of estimated oil and gas production tax; relating to oil and gas production tax credits for certain expenditures, including qualified capital credits for exploration, development, and production; relating to the limitation on assessment of oil and gas production taxes; relating to the determination of oil and gas production tax values; making conforming amendments; and providing for an effective date."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 110

SHORT TITLE: PRODUCTION TAX ON OIL AND GAS

SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

01/18/11 (H) READ THE FIRST TIME - REFERRALS
01/18/11 (H) RES, FIN
02/07/11 (H) RES AT 1:00 PM BARNES 124
02/07/11 (H) Heard & Held
02/07/11 (H) MINUTE(RES)
02/21/11 (H) RES AT 1:00 PM BARNES 124
02/21/11 (H) MINUTE(RES)
02/21/11 (H) RES AT 5:15 PM BARNES 124

WITNESS REGISTER

RACHEL PETRO, President and CEO
Alaska State Chamber of Commerce
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 110.

VINCE BELTRAMI, President
Alaska AFL-CIO

POSITION STATEMENT: During hearing on HB 110, expressed concern with the lack of commitment for development, jobs, and Alaska hire.

JERRY MCCUTCHEON
Anchorage, Alaska

POSITION STATEMENT: Testified in opposition to HB 110.

MAYNARD TAPP
Hawk Consultants, LLC;
Member, Alaska Support Industry Alliance
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 110.

AVES THOMPSON, Executive Director
Alaska Trucking Association
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 110.

JASON BRUNE, Executive Director
Resource Development Council (RDC)
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 110.

LAURA MAKETA
Wasilla, Alaska

POSITION STATEMENT: Testified in support of HB 110.

DAVID OTNESS

Cordova, Alaska

POSITION STATEMENT: During hearing on HB 110, encouraged the committee to maintain the current [tax regime on oil].

PAUL D. KENDALL

No address provided

POSITION STATEMENT: During hearing of HB 110, provided comments.

RICHARD SCHOCK, Owner/Operator

Flowline Alaska, Inc.

Fairbanks, Alaska

POSITION STATEMENT: Testified in support of HB 110.

DEBORAH BROUILLETTE(PH)

No address provided

POSITION STATEMENT: Testified in support of HB 110.

ACTION NARRATIVE

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CO-CHAIR FEIGE called the House Resources Standing Committee meeting to order at 5:22 p.m. Representatives Feige, Seaton, Gardner, Foster, Munoz, Kawasaki, Herron, and P. Wilson were present at the call to order. Representative Dick arrived as the meeting was in progress. Senator Giessel was also present.

HB 110-PRODUCTION TAX ON OIL AND GAS

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CO-CHAIR FEIGE announced that the only order of business is HOUSE BILL NO. 110, "An Act relating to the interest rate applicable to certain amounts due for fees, taxes, and payments made and property delivered to the Department of Revenue; relating to the oil and gas production tax rate; relating to monthly installment payments of estimated oil and gas production tax; relating to oil and gas production tax credits for certain expenditures, including qualified capital credits for exploration, development, and production; relating to the limitation on assessment of oil and gas production taxes; relating to the determination of oil and gas production tax values; making conforming amendments; and providing for an effective date."

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RACHEL PETRO, President and CEO, Alaska State Chamber of Commerce, began by informing the committee that the Alaska State Chamber of Commerce represents over 400 businesses and organizations throughout Alaska. The mission of the chamber is to promote a positive business environment in the state. Therefore, the Alaska State Chamber of Commerce strongly supports HB 110. She then informed the committee that a year ago Alaska ranked 117th out of 129 in fiscal terms, which she opined is unacceptable. The state is competing in a global world, and thus she encouraged the [House] to move quickly this session to reform tax policy, the chamber's top priority this session. Ms. Petro pointed out that tax policy impacts investment, as illustrated with the recent tax credits to the film industry.

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REPRESENTATIVE GARDNER recalled that another report, from Frazier, ranked Alaska 68th out of 133 in overall [fiscal terms].

MS. PETRO said that she has not seen that report.

REPRESENTATIVE GARDNER remarked that the legislature receives reports from various organizations that have different resources and goals.

MS. PETRO commented that whether Alaska is ranked 50th or 100th, the Alaska State Chamber of Commerce remains concerned because it believes Alaska should be ranked in the top 10.

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CO-CHAIR SEATON noted that the committee received the accumulated fiscal note and if HB 110 passed, there would be a reduction in revenue to the state in the amount of \$1.7-\$2.2 billion per year. Such a reduction would result in the state being in a deficit situation with fewer funds for capital budgets. He asked if the Alaska State Chamber of Commerce is concerned about a situation in which there is a significant reduction in capital budget expenditures throughout the state, rather than funds only going to the North Slope.

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MS. PETRO related that the Alaska State Chamber of Commerce is concerned with the overall fiscal and economic climate in Alaska. However, if exploration doesn't begin and Alaska's pipeline isn't filled, there won't be anything to spend in the future. Therefore, the chamber believes the legislature should act soon to incentivize exploration in order to fill the pipeline because without doing so there won't be resources to appropriate. Ms. Petro clarified that the Alaska State Chamber of Commerce shares the concern, but also supports fiscal restraint.

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VINCE BELTRAMI, President, Alaska AFL-CIO, informed the committee that the Alaska AFL-CIO is comprised of about 55 unions and 60,000 union members in Alaska. He then recalled a statement by Commissioner Sullivan, Department of Natural Resources (DNR), during the meeting earlier in the day. The statement related that no matter the position of the state with regard to exploration, the governor's legislation doesn't really provide a way to obtain commitments from the producers to actually explore, which is cause for concern. The state is reliant on oil that flows through the pipeline as it funds 90 percent of the state. He informed the committee that the Alaska AFL-CIO and several other union leaders have been working with Shell on its offshore development. A recent report discusses the amount of jobs it would produce, which is all the AFL-CIO cares about in terms of making Alaska's economy viable. A commitment to jobs and to Alaska hire are what the AFL-CIO wants to see happen, although currently there's no such commitments. He then related that for the most recent development to come on line, the Nikiachuk Field, he received a report that related that over 60 percent of the people working on the site were not residents of Alaska. Mr. Beltrami pointed out that although reports from the producers relate improvements in resident hire, there isn't information with regard to what's happening in the fields. He recalled that last week during a committee hearing there was a question regarding the \$4 billion in tax credits given to the company since Alaska's Clear and Equitable Share (ACES) went into effect and for which no one has been able to relate for what the credits were used. Before the AFL-CIO can support reforming oil taxes, there has to be [a commitment] to developing, drilling, and exploring in Alaska and knowledge that the jobs will go to Alaskans not to out-of-state people. Mr. Beltrami emphasized that thus far he hasn't seen evidence that HB 110 will produce jobs for Alaskans. In the meantime, the

state has had large capital budgets due to the tax revenue from ACES and those jobs can be identified via the larger capital construction budgets. "Are we ready to give up ... \$1.7 billion a year in ... revenue to the state, at this point, on a tradeoff for the hope that we're going to get those jobs," he questioned. He opined that the state should have a better expectation than to hope there will be more jobs; he suggested that there should be a commitment for such and that the jobs will go to Alaskans. If and when such commitments are made, he said that the state should definitely consider supporting those. In conclusion, Mr. Beltrami encouraged being shown [the commitment] to more exploration and Alaskan jobs.

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CO-CHAIR FEIGE inquired as to the percentage of union jobs for road projects, building, construction, and carpentry that are included in the capital budget.

MR. BELTRAMI related that the union density in the state is 25 percent, which is the second highest in the country. However, that includes the public sector as well. He told the committee that about 85 percent of the heavy and highway construction is performed by union contractors. With regard to regular commercial construction, one could make a case that about 40-50 percent of that is union whereas almost none of residential construction is performed by union workers. Mr. Beltrami emphasized that capital construction projects put Alaskans to work whether they're union members or not. He further emphasized that while he would like to see more union jobs on the North Slope, he would like to see more Alaskans working on the North Slope. In further response to Co-Chair Feige, Mr. Beltrami said that very little of the work on the North Slope is accomplished by union members. Other than the Trans-Alaska Pipeline System (TAPS) for which there is a maintenance contract and 400-500 [union] employees work, he estimated that maybe only a few hundred more are union employees in the [North Slope] workforce of about 13,000.

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CO-CHAIR FEIGE inquired as to how Mr. Beltrami would amend this proposed legislation, were he able to do so.

MR. BELTRAMI said that it's hard to force the hand of the companies with regard to exploration. Therefore, he suggested that the tax credits or any credits should be given based on

exploration that the companies are going to undertake. He suggested giving the credit after the exploration. In further response to Co-Chair Feige, Mr. Beltrami opined that compared to zero exploration it wouldn't be difficult to measure [exploration], new drilling activity.

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JERRY MCCUTCHEON, provided the following testimony:

The Parnell Administration is demanding that ACES be revised so that when the oil companies make more money, the oil companies pay the State of Alaska less money. How profound. Only in Alaska would such a crackpot scheme be proffered. Alaska does not have an ACES problem, it has a Parnell problem. The failure to enforce the lease, case law, and Alaska's Constitution; that's all you need, you don't need anything else. You shouldn't be offering carrots to people to do what they're already obligated to do. Representative Gardner, the Parnell Administration lied to you when the Parnell Administration said and showed that the oil companies are paying federal taxes. Not only do the major oil companies not pay federal taxes, but also the oil companies are subsidized by the federal government. That's kind of different than what you've got on that piece of paper that they handed you. The Parnell Administration testifying and showing there on their graphs that Mr. Parnell had submitted it to the legislature that shows the oil companies pay taxes when, in fact, the oil companies do not pay (indisc.) taxes is false testimony and should be referred to the appropriate committee for investigation as well as the federal grand jury investigating political corruption.

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MR. MCCUTCHEON continued:

Alaska's taxes should be compared to that of other nations and more deliberate misdirection ... on the part of Parnell to favor Parnell's former employer. As for enticing Exxon, BP, and Conoco to look for more oil, Exxon, BP, and Conoco are reservoir elephant hunters. There are no more elephant oil reservoirs to be found on the North Slope. Such large structures as

there were on the Slope were drilled over two decades ago. All the Slope has left are rabbits, maybe a few moose will be found and some caribou found in the next 50 years. But Exxon, BP, and Conoco should join Chevron, sell out and get out. Alaska's future lays with the small oil companies and the legislature needs to address the major obstruction of the smaller oil companies trying to produce their leases; that really, really needs to be addressed. This claptrap that the oil companies are going to abandon the oil line if the oil line flow gets much lower reminds me of the oil companies were arguing with the attorney general's office over the life of the pipeline before the pipeline was actually finished. The oil companies were saying that the life of the pipeline was only 20 years. What the oil companies did not say is the life was only 20 years because they were going to gut and run Prudhoe Bay. At only a 100,000 barrels a day at \$80 a barrel, that's \$3 billion a year. Are any of you legislators really that gullible to think that the oil companies would abandon \$3 billion a year. For those of you that are new to the legislature, here are some jewels from the legislative gasline hearings in 2007. Testimony from the AOGCC, Alaska Oil and Gas Conservation Commission, to the legislature during the hearings in Anchorage that Prudhoe Bay had produced an additional 6 billion barrels more oil as of 2006 than would not have been produced had the oil companies constructed the 2 bcf/d gasline in the 1980s. Further, the AOGCC testified that the State of Alaska would be broke today, 2007, had the oil companies constructed the gasline in the 1980s.

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MAYNARD TAPP, Hawk Consultants, LLC; Member, Alaska Support Industry Alliance, noted that he provided the committee with information regarding a January 2011 API [American Petroleum Institute] study that shows the amount of profit the oil companies make in comparison with other industries. Though oil companies make a lot of money, their net income over sales of about 6 percent is pretty standard and even below the national all-manufacturing average. He noted that it's difficult and expensive for the oil companies to do business in Alaska. Mr. Tapp characterized TAPS as Alaska's lifeline and the oil as its blood. The state can help provide the nation's energy needs from one of the best monitored and maintained facilities in the

world. He then guaranteed that not one dollar in taxes under ACES will ever go to exploration for Alaskans to develop its oil. The only change Mr. Tapp said he would make to HB 110 is to make it retroactive and return some of the money to the oil companies to put it back in the ground.

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REPRESENTATIVE GARDNER asked if Mr. Tapp was aware the state has spent \$3 billion in credits to the oil industry. Therefore, the state is either participating in their exploration and development or paying the oil companies to perform maintenance and other work on their existing systems.

MR. TAPP acknowledged that he is aware of that and the fact that the oil companies are constantly trying to maintain and upgrade their facilities in the likelihood they will be able to use those facilities to put more oil through the pipeline. After the pipeline runs out there won't be any money to tax and the permanent fund would have to fund the state. Therefore, he suggested that the only solution for the next 20 years is to fill TAPS again.

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REPRESENTATIVE GARDNER asked then if Mr. Tapp would agree that the incentives under ACES have worked, at least to the extent of a \$3 billion investment to the system.

MR. TAPP replied no. He clarified that the oil companies are trying to maintain the facilities in a safe and environmentally conscious manner, for their best interest and that of the state. If there's a 6-7 percent decline over the next 10 years, oil production drops as does taxes. Therefore, the loss of production doesn't help the tax base. Mr. Tapp said that he agrees with Representative Gardner to the extent that the oil companies have used the credit to maintain the facilities, but he questioned how much the oil companies paid in taxes to maintain the facilities.

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AVES THOMPSON, Executive Director, Alaska Trucking Association, provided the following testimony:

I'm here today to testify on behalf of the [Alaska] Trucking Association and its nearly 200 member

companies in support of HB 110, the governor's production tax on oil and gas bill. Given today's investment climate and Alaska's competitive position in the world's search for additional oil and gas supplies, now is the time to reevaluate our current oil and gas production tax structure. With an annual production decline of about 7 percent, which the state incurred last year, TAPS could very well be nonfunctional within 5-10 years. How will the state pay for essential public services and meet long-term obligations if this were to happen. There's no denying that lower taxes ... could result in reduced revenue flowing into state coffers in the short term. But it is clear that Alaska is competing in a global market and in the long term, this reduction will make the state a more desirable place to invest, which ultimately will lead to higher revenue. Specific examples presented in this current tax regime have included the tax rate is allowed to rise too steeply when oil prices are high, and also has been called an unfair tax that stifles jobs and needed oil production. Replacing or revising the oil tax was an issue during the campaigns. We believe that close examination has found that in order for Alaska to continue to be a leader in U.S. domestic oil production, we need to create a more favorable investment climate to clearly demonstrate that Alaska is open for business. Just look around us today, in today's world political climate, the cable news will make you crazy. Future oil and gas supplies for Alaska and the U.S. are not guaranteed. We Alaskans need to do all we can to provide energy supplies for Alaska and the United States. With future 6 to 7 percent declines projected, we need to take dramatic action today.

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JASON BRUNE, Executive Director, Resource Development Council (RDC), provided the following testimony:

My testimony today is given in support of HB 110. RDC is an Alaskan business association comprised of individuals and companies from Alaska's oil and gas, mining, forest products, tourism, and fisheries industries. Our membership also includes all of the Alaska Native regional corporations, local

communities, organized labor, and industry support firms. Based on a survey we just completed, I recently learned that we have members in virtually every legislative district statewide. Our mission is to expand the state's economic base through the responsible development of our natural resources. RDC's top legislative priority this year is to "advocate for tax policy and incentives that enhance the State of Alaska's competitiveness for all industry." HB 110 does this. During the past election for governor, we learned that fixing ACES was not a Democratic issue, it wasn't a Republican issue, it was an Alaskan issue. Both Governor Parnell and former Representative Ethan Berkowitz agreed ACES needed to be revised. Another of our top five priorities this year is to "support legislation to encourage new exploration and development of Alaska's oil and gas deposits as well as enhance production from existing fields." Again, HB 110 does this. No project that I've ever heard of has ever been taxed into existence. Indeed, Alaska cannot tax its way into prosperity. We've seen this first hand, since the passage of ACES. This year only one exploration well is projected to be drilled. With a continued TAPS throughput decline of 6 to 8 percent per year, as we've seen over the last several years, TAPS could be nonfunctional in less than a decade. How will the state pay for essential public services and meet long-term obligations or even pay for the large capital budgets we continue to hear about if TAPS goes away. We couldn't. HB 110 must be passed to provide for a future that includes any capital budgets. This leads to another one of RDC's top five priorities and that is the implementation of a comprehensive, responsible, and long-term fiscal plan. Ninety percent of our state budget comes from the oil industry, without a pipeline we have no fiscal plan. My non oil and gas members will then bear the brunt of new taxes; the fishing industry, mining industry, tourism, and others will likely be who we look to scare out of the state next. The political will to tap the permanent fund or implement a broad-based tax does not exist in Alaska. The only option to make sure the options that I just mentioned don't come to fruition is to do our best to encourage new investments in Alaska. HB 110 does this.

Finally, I ... served as the co-chair for Governor Parnell's Resources, Energy and Environment Transition team. The nearly 30 members of this team came from every corner of this state and every resource industry. Much of our discussion revolved around coming up with ideas for the governor to reverse the dramatic production decline we've seen; specific emphasis was placed by this group on addressing the negative investment climate caused by progressivity. In conclusion, I'd like to urge you to pass HB 110 out of committee.

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LAURA MAKETA, offered her strong support for HB 110 and urged the legislature to continue to create a pro business, pro job growth environment. The aforementioned requires planning for decades ahead rather than short-term gains for current supplies. She then informed the committee that she and her husband are entrepreneurs who started a family construction business with little but have been able, in part, because of the oil and gas in Alaska, to own their own home and cars, send her son to a private school that addresses his special learning challenges, and pay cash for her nursing school. She related that the family construction business now employs up to 40 Alaskans on the North Slope and their consulting business places her husband in various oil and gas, marine, and stakeholders' sphere of influence. Ms. Maketa said:

The consensus of the current federal regulatory barriers and state tax structure is really a doom and gloom atmosphere regarding future prospects in Alaska. The statistics indicate a decline in exploration, investment, and morale. The opposition I've heard is generally touting the oil and gas industry record profits this year. These global profits are not because of Alaska ... say it should be, both offshore and onshore. I've observed the many excellent industry presentations that discuss how Alaska ranks extremely low compared to the rest of the U.S. in global structures I feel it is imperative that you understand that the oil and gas industry, which is 85 percent of Alaska's economy, is made up of ordinary people -- guys like my amazing, competent, hard-working husband, myself, countless moms and dads that live in this great state; they work here, they have families here, they love Alaska, and they want to be

here for the long haul. So, I do support Governor Parnell and Lieutenant Governor Treadwell and Representative Hawker.

MS. MAKETA concluded by relating that this is the first time she's gotten involved in politics, but she did so because she refused to remain complacent. She further related her respect for the members and their efforts and service. She urged the committee to consider addressing ACES and creating a better environment for her family's small business while incentivizing investment in the state.

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DAVID OTNESS informed the committee that over the course of his 60 years as a third generation Alaskan, he has been involved in the oil industry off and on over the years. He opined, "As of late, I'm just not seeing this stacking up to the realities, especially compared to what's going on in the Middle East right now." He discussed the unpredictability of the Middle East environment in terms of the potential for interruption of the oil supply versus the stable environment Alaska offers. He highlighted, "We don't expropriate oil company assets, we don't nationalize them like happened in Libya, ... Sakhalin Island a number of years ago, ... Venezuela." Mr. Otness related that he was disturbed when Governor Parnell highlighted Alaska's rating, in terms of a business friendly environment, from the Frazier Institute. The Frazier Institute is funded by Exxon and the Koch brothers. He charged that statistics can be "ginned up" however one wants, which oil companies are masters at, he further charged. To counter Ms. Maketa's testimony, Mr. Otness related that ConocoPhillips made the majority of its world profits in Alaska over the last several years. He acknowledged that the oil companies are needed, but he emphasized that oil is a "one-time" resource that's running out and this may be one of the last times the state has a chance at this type of wealth. Mr. Otness encouraged the state to stand its ground against the oil industry, which he characterized as the "big dog on the block." In conclusion, Mr. Otness expressed his desire to leave [Alaska's tax regime on oil] as is.

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PAUL D. KENDALL began by stating that it's difficult to participate in energy discussions because new energy designs are moving so quickly. He then noted that the committee should have received a Letter of Understanding that was drafted by the

world's seven largest automobile dealers, which he considered a historical document. The aforementioned letter calls for the hydrogen highway to be of sufficient density by 2015. This, he opined, is really the launch of the hydrogen economy. Although he hadn't foreseen the simultaneous launch of the electric automobile platform and the hydrogen fuel cell. He attributed the aforementioned to the fact that many small companies are preparing to take on the electric automobile platform, which will experience major expansion in the production of electric vehicles in the next four years. Mr. Kendall then expressed concern with lowering any tax revenues from TAPS because of various indicators, such as the 23 percent reduction in Japan's largest refinery and then opened the world's largest solar cell production plant. The evidence he's seen indicates that TAPS will be closed within two to four years. He opined that the reason for the aforementioned is that the legislature's realm of influence no longer impacts [the oil companies]. For [the oil companies] it's about maintaining control. He suggested that the electric automobile, the hydrogen fuel cell, and new technologies could be launched very quickly. If the aforementioned occurred within the next 4-10 years, he opined that there would be huge amounts of retraction in the oil and gas uses. Concurrently, the oil companies will lose revenue and thus raise their prices. If the state misses that accelerated price, the state will miss lots of money. However, if the pipeline goes down, the state won't receive the increased revenue as well as any additional flow. Furthermore, if the economy shifts on the dollar, the state will lose the permanent fund. The aforementioned, he emphasized, could result in Alaska being in one of the darkest places overnight. Therefore, he encouraged the committee to have these discussions such that folks can be involved in a slower, unhurried manner. Mr. Kendall told the committee that Alaska is no longer a player, and therefore he urged the committee to prepare for a worst-case scenario and look to develop renewable energies because the rest of the world is trying to create new economies to generate revenue. Alaska has the opportunity to lead the charge in creating new economies.

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RICHARD SCHOCK, Owner/Operator, Flowline Alaska, Inc., related his support for HB 110. He informed the committee that Flowline Alaska, Inc., supplies products and services to the firms doing business on the North Slope. The products are built in Fairbanks and sent to the North Slope. Flowline Alaska, Inc., employs local union labor at its facility. Since 2008 the firm

has experienced a dramatic decrease in project work from the firms up North. In 2008, the company employed roughly 70 full-time equivalent union craft employees which decreased to just 30 full-time equivalents in 2010. The 2011 employment levels look worse than the 2010 level, which he mostly attributed to the taxation from ACES. As taxes increase, investment in new projects decrease, he opined. In fact, the only new projects he foresees in the near future are projects that have been in the planning stages for some time, such as Point Thomson. He informed the committee that typically Flowline Alaska, Inc., is involved with studies, pre-engineering, and engineering on the front-end with new projects. He said that there aren't a lot of new projects for the future. He attributed the Department of Labor & Workforce Development's (DLWD) statistics that there has been an increase in oil field employment since 2006 to the increased scrutiny brought about by the spills and the increased maintenance since 2006. Although the increase in maintenance jobs is great, Alaska requires an increase in the amount of oil flowing down the pipeline. "The only way Alaska can stem the decline is to get more investment dollars into new and additional projects," he opined. Mr. Schock characterized the tax credits for drilling as great, but pointed out that as a supplier he isn't seeing these exploration wells translate into new development projects. Therefore, the tax system would seem to work to initiate exploration drilling, but not development or production. Furthermore, exploration wells alone don't add to the production. Exploration wells only add to production when they're coupled with a reasonable tax structure for production. In conclusion, Mr. Schock said until the production tax is revised, the decline will continue and much of the oil will remain in the ground.

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DEBORAH BROUILLETTE(PH), speaking as a 35-year Alaskan, related her support for HB 110. She expressed concern for her children's future. She then informed the committee that she was laid off by ARCO back in 1986. After Alaska's economy crashed, she spent five years foreclosing on homes. In fact, she closed on 20 homes per week. Ms. Brouillette predicted that Alaska is headed for that same "economic cliff." Although what the legislature decides impacts her and her family, she opined that she will be fine because she will have a job foreclosing on homes.

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CO-CHAIR FEIGE, upon ascertaining no one else wished to testify, closed public testimony on HB 110.

[HB 110 was held over.]

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ADJOURNMENT

There being no further business before the committee, the House Resources Standing Committee meeting was adjourned at 6:16 p.m.