

SENATE FINANCE COMMITTEE

March 12, 2013

4:07 p.m.

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CALL TO ORDER

Co-Chair Meyer called the Senate Finance Committee meeting to order at 4:07 p.m.

MEMBERS PRESENT

Senator Pete Kelly, Co-Chair
Senator Kevin Meyer, Co-Chair
Senator Anna Fairclough, Vice-Chair
Senator Click Bishop
Senator Mike Dunleavy
Senator Donny Olson

MEMBERS ABSENT

Senator Lyman Hoffman

ALSO PRESENT

Paul D. Beran, Self, Juneau; Barbara Huff Tuckness, Director of Governmental and Legislative Affairs, Teamsters Local 959; Bill Corbus, Member, Make Alaska Competitive Coalition, Juneau; Tony Tengs, Self, Juneau

PRESENT VIA TELECONFERENCE

Jack Roderick, Self, Anchorage; Lynn C. Johnson, Self, Anchorage; Rada Khadjinova, Self, Anchorage; Larry Howle, Self, Anchorage; Sandra Udehoven, Self, Anchorage; Jeanine St. John, Self, Anchorage; Roger C. Burggarf, Self, Fairbanks; Gary Atwood, Self, Fairbanks; Terri Froese, Chair, Fairbanks Chamber of Commerce Board of Directors, Fairbanks; Karl Gohlke, Frontier Supply Company, Fairbanks; Tim Gunderson, Self, North Pole; Delbert Parr, Self, Fairbanks; Jerry Ahwinona, Self, Anchorage; Carl Benson, Self, Anchorage; Crystal Nygard, Matsu Business Alliance, Matsu; Marvin Yoder, Matsu Business Alliance, Matsu; David Trantham, Self, Bethel; Troy McAllister, Self, Kenai; Monte Davis, Self, Homer; Kelly Walters, Self, Anchorage; Michael Jespersion, Self, Anchorage; Rachael Petro, President,

Alaska State Chamber of Commerce, Anchorage; Gary Dixon, Member, Teamsters Local 959, Anchorage; Sonya Funaro, Self, Anchorage; Deantha Crockett, Executive Director, Alaska Miners Association, Anchorage; Al Cramer, Self, Anchorage; Tom Lakosh, Self, Anchorage; John Lau, Self, Anchorage; Lenny Rhude, Self, Chugiak; Kati Capozzi, Self, Anchorage; Ed Gohr, Delta Constructors, Anchorage; Jason Brune, Self, Anchorage; Caroline Bolar, Self, Anchorage

SUMMARY

SB 21 OIL AND GAS PRODUCTION TAX

SB 21 was HEARD and HELD in committee for further consideration.

#sb21

SENATE BILL NO. 21

"An Act relating to appropriations from taxes paid under the Alaska Net Income Tax Act; relating to the oil and gas production tax rate; relating to gas used in the state; relating to monthly installment payments of the oil and gas production tax; relating to oil and gas production tax credits for certain losses and expenditures; relating to oil and gas production tax credit certificates; relating to nontransferable tax credits based on production; relating to the oil and gas tax credit fund; relating to annual statements by producers and explorers; relating to the determination of annual oil and gas production tax values including adjustments based on a percentage of gross value at the point of production from certain leases or properties; making conforming amendments; and providing for an effective date."

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Co-Chair Meyer explained the changes in the CS: the base rate had been raised from 25 to 30 and the gross revenue exclusion (GRE) was changed from 30 to 20.

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JACK RODERICK, SELF, ANCHORAGE (via teleconference), testified against SB 21. He felt that oil production decline and oil distribution decline were inevitable. He

stated that a substantial change in the tax structure would result in too much legislative work at a later date. He stressed that there should be no changes in the current law, except slight changes in progressivity. He pointed out that the reserves in the legacy fields had been known for decades. Oil companies had known about those reserves for over thirty years, so the companies should not be given a tax break in order to produce that oil. He relayed that ExxonMobil discovered oil at Point Thompson before the Trans-Alaska Pipeline System (TAPS) was in operation, but ExxonMobil had not resumed exploration since that Point Thompson discovery. He shared that British Petroleum (BP) had not participated in new exploration since 1985. He stressed that tax breaks should not be given to companies that were not participating in new exploration. He reiterated that the legislature should examine the issue in more depth, and bring the issue forward in the next legislative session.

[4:12:38 PM](#)

LYNN C. JOHNSON, SELF, ANCHORAGE (via teleconference), spoke in favor of SB 21. He felt that Alaska needed to be more competitive with other oil producing basins. He remarked that oil production rates in North Dakota and Texas were higher than Alaska. He stressed that investment capital was directed to regions and projects with the best overall rate of return. Alaska was a high cost basin due to geography and climate; and was soon to be fourth in domestic production among other oil producing states. He stressed that meaningful tax reform should be fair to Alaskans, encourages new production, is simple, and is durable. He stressed that during the three-year oil tax reform conversation in the legislature, TAPS throughput had declined by almost 100,000 barrels per day. Alaska could not afford further decline or delay of oil tax reform.

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RADA KHADJINOVA, SELF, ANCHORAGE (via teleconference), spoke in favor of SB 21. She shared that she had received three degrees from the University of Alaska Anchorage (UAA), including a degree in Environmental Regulation and Permitting. She would like to use her degree in a prominent field of study, specifically the oil and gas industry. She stressed that Alaska needed to be competitive with other oil producing nations and states. She felt that Alaska's

Clear and Equitable Share (ACES) was not working to Alaska's benefit. She shared that the decision about oil tax reform should be made based on the resource development of the state. She felt that promoting resource development would encourage economic development. She stressed that Alaska was not an attractive oil producing basin, so it was imperative that Alaska find a way to remain competitive in the oil industry. She felt that oil tax reform would encourage Alaska to collectively invest its creative energy into diversifying its economy to point where someday Alaska could be in an enviable position by making educated choices about which industries it wants to attract or repel. She felt that all tax reform should be suited for the current economic climate.

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LARRY HOWLE, SELF, ANCHORAGE (via teleconference), testified in support for SB 21. He stressed the importance of stemming the decline of oil production. He relayed that in the mid-1960s, his father moved his young family to Kenai. As a teenager, he attended school and worked prior to TAPS. He stressed that, at that time, jobs were not plentiful and the economy was not robust. He shared that he was the first person in his family to attend college. He paid for college with the money he had earned from a leave of absence from school to work as an apprentice welder on a pipe gang north of the Brooks Range in 1976 and 1977. Like many Alaskans, he had benefitted from 35 years of Alaska North Slope (ANS) production. In 2005, he and his wife attended graduate school to study construction management. His objective in studying construction management was to return to Alaska to work on the Alaska gas line project, but that project did not occur. He was offered a job with an Alaskan based oil fields service company. He shared a personal story related to a poor economy based on the lack of oil production. He explained that he had benefitted from 35 years of Alaska North Slope oil production. He remarked that he had received a graduate degree, in anticipation of the proposed gas line. He remarked that he may not be working on the gas line, but worked in the private sector. He felt that the Alaskan community was extremely fearful of the TAPS throughput decline.

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SANDRA UDEHOVEN, SELF, ANCHORAGE (via teleconference), testified in support of SB 21. She shared that her family moved to Alaska in 1969, and faced some very "lean times." the economic climate changed soon thereafter. She felt that the economy was thriving in the 1970s, which was immediately following the building of TAPS. She stayed in Alaska to raise her own children. She alleged that Alaska was experience mass population exodus, because many residents were unemployed, and were seeking employment elsewhere. She wanted more businesses in Alaska, and the current businesses the opportunity for growth. She remarked that Alaska was bursting with natural resources, but they were not currently accurately exploited. She felt that her children should benefit from the booming economy that oil production and encouragement would provide. She commented that there were many Alaskans who were unemployed, because the natural resources were not properly explored.

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JEANINE ST. JOHN, SELF, ANCHORAGE (via teleconference), testified in support of SB 21. She understood the difficulty in making a decision regarding oil and gas tax reform. She felt that ACES was broken, and the decline in oil production was a serious risk to Alaska's future. She stressed that the oil tax reform should be as simple as possible; consistent through changing oil prices; places Alaska in a competitive position; and were sufficient to attract the investment from the explorers and producers. She urged the committee to make a decision in the current session regarding oil and gas tax reform. She felt that there had been accurate and helpful testimony; and the committee was focused on the right track.

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Co-Chair Meyer encouraged individuals to send written testimony to the Senate Finance Committee.

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ROGER C. BURGGARF, SELF, FAIRBANKS (via teleconference), testified in support of SB 21, but felt there should be some modifications. He understood that Alaska's economy was based almost wholly on oil revenues to cover the cost of government and needed capital improvements. He stressed that failure to increase oil production in Alaska would

destroy the economic liability of the economy; and would destroy the opportunities for Alaska's people in government and private industry to provide for their families. He remarked that past legislators had failed to recognize the issue of decreased oil production. He stressed that there needed to be immediate action to encourage the oil companies to invest in Alaska. He felt that oil tax reform would energize and encourage investment by the oil companies. A strong infrastructure was necessary for Alaska's economic future. He felt that a plan was necessary to improve Alaska's competitiveness. He stressed that ACES was not currently working to encourage investment in Alaska.

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GARY ATWOOD, SELF, FAIRBANKS (via teleconference), testified in support of SB 21. He shared that he had lived in interior Alaska for nearly 60 years, was a teamster for 58 years, and was the business manager for the teamsters during the building of TAPS. He stressed that he had helped build TAPS, so he understood the concept of oil and gas exploration and production first hand. He remarked that there were some oil companies that had stopped investing in Alaska, because Alaska was not an attractive place for oil production investment. Alaska needed immediate and effective tax reform.

[4:35:09 PM](#)

TERRI FROESE, CHAIR, FAIRBANKS CHAMBER OF COMMERCE BOARD OF DIRECTORS, FAIRBANKS (via teleconference), testified in SB 21. She stated that she was a small business owner in Fairbanks. She stated that the Fairbanks Chamber of Commerce represented over 700 businesses and organizations throughout the interior of Alaska. Its primary was business advocacy; but its mission was to promote a greater economic environment in Fairbanks to remain an attractive place for both business and community. The Chamber's top, critical priority for the current legislative session was to encourage increased oil production by encouraging the legislature and administration to establish competitive investment opportunities through taxation that would facilitate additional oil exploration, development, and increased production. She stressed the urgency of oil tax reform to ensure health and viability of TAPS. She shared that the Chamber supported the governor's four guiding

principles for tax reform: it must be fair to Alaskans, it must encourage new production from all sources, it must be simple, and it must be durable for the long-term to keep Alaska competitive. She encouraged the legislature to take the necessary steps in the current legislative session to make Alaska more competitive and ensure the future of TAPS. She applauded the legislature's efforts in regards to proper oil and gas tax reform.

[4:37:12 PM](#)

KARL GOHLKE, FRONTIER SUPPLY COMPANY, FAIRBANKS (via teleconference), spoke in support of SB 21. He stated that the proposed legislation would encourage oil development. He referred to an article in the Alaska Journal of Commerce. He felt that the bill promoted economic stimulation and would encourage new production. He stressed that the recent lack of oil production was because of the lack of attraction in investment in Alaska. He pointed out that new oil production would encourage economic growth across the state; and meaningful reform was necessary for Alaska to succeed and remain competitive in the oil and gas industry.

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TIM GUNDERSON, SELF, NORTH POLE (via teleconference), spoke in support of SB 21. He explained that he had worked directly in the oil industry since 1964. He wanted all of his children, grandchildren, and great-grandchildren to have good jobs in Alaska. He announced that there were many people who were not from Alaska working in Prudhoe Bay, but he stressed that Alaskans should be working in the oil industry to keep the economy of Alaska strong. He recommended the bill be written to state that if there were more Alaskans working in the oil industry, the greater the tax breaks.

[4:43:08 PM](#)

DELBERT PARR, SELF, FAIRBANKS (via teleconference), voiced support of SB 21. He remarked that Alaska had some of the highest oil tax rates in the nation. Corporate capital was limited, and only the most profitable profits in a company's portfolio get proper funding. He felt that oil production investors were investing in locations with the greatest possible return. He announced that Alaska needed

new policy that encouraged long-term planning investment and new production in Alaska. Investment was the key to halting the steeping decline in oil production and putting more oil in TAPS.

[4:44:28 PM](#)

JERRY AHWINONA, SELF, ANCHORAGE (via teleconference), testified against SB 21, and any subsequent versions of the bill. He believed that ACES had not received one audit since 2007, and remarked that ACES had generated wind fall profits for the State and the oil industry. He thought that ACES had not contributed to the downturn in the State's business, profit margins, and budget. He announced that ACES had helped to inflate the constitutional budget reserve to over \$14 billion, with a \$45 billion permanent fund. He reiterated that ACES was a successful program. He remarked that North Dakota was not an attractive place to live, because its residents paid income tax and statewide sales tax. He hoped Alaska could remain flexible with the oil industry, while diversifying its budget income to more than one prominent industry.

[4:47:56 PM](#)

CARL BENSON, SELF, ANCHORAGE (via teleconference), testified against SB 21. He remarked that the tax breaks made to the oil companies in the bill far exceeded the education funding cuts that were recently proposed in the current operating budget. He announced that \$3.5 million to the Fairbanks School District was 0.17 percent of the \$2 billion oil industry tax reduction. He felt that the needs of the state needed to be addressed before tax cuts could be made to the oil industry. He pointed out that the tax system referred to the "steep rates", but he did not feel that Alaska had steep taxes. He felt that Alaska had average oil taxes. He remarked that it was unfair to compare Alaska to North Dakota, because North Dakota did not own the land that the oil is drilled from. He felt that comparing Alaska to Norway was apt. Norway's earnings on their permanent fund was larger than Alaska's, because Norway did not "give away" millions of dollars each year.

[4:51:08 PM](#)

PAUL D. BERAN, SELF, JUNEAU, testified against SB 21. He stressed that he was in support of the progressive tax and

against the governor's proposed tax reform. He remarked that Alaska should not become "captive" to out of state companies. He announced that the oil industry had cried for stability and consistency when ACES was passed in 2007. He felt that the voice for consistency and stability was currently silent, because the oil industry was begging for more tax breaks. He pointed out that the McDowell Group had recently reported that the North Slope oil and gas industry had added more than 5000 new jobs from 2000 to 2010, which was double its previous employment rate. From 2007 to 2011, North Slope oil spending had increased an average of \$1.3 billion per year. He felt that the large oil companies did not care about the people of Alaska. He remarked that the court mandated fine for the Exxon Valdez oil spill was \$5 billion in 1989; but after repeated litigation, the fine had been reduced to \$7.5 million, but were reluctant to pay any interest. He explained that ConocoPhillips was advertising itself as "Alaska's oil company", but that Alaska had no oil company. He encouraged the committee to keep the progressive tax. He stressed that the oil belonged to the state and its people.

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BARBARA HUFF TUCKNESS, DIRECTOR OF GOVERNMENTAL AND LEGISLATIVE AFFAIRS, TEAMSTERS LOCAL 959, spoke in support of SB 21. She expressed concern about the decrease in oil production. She stressed that jobs in the oil industry should be focused towards Alaskans. She remarked that oil was a product that was in great demand, and did not feel that there needed to be a high price only to sell less. She remarked that the three main issues that the teamsters focused on were oil and gas tax reform, public school funding, and the cost of health care. She reiterated the importance of hiring Alaskan workers.

[4:58:51 PM](#)

BILL CORBUS, MEMBER, MAKE ALASKA COMPETITIVE COALITION, JUNEAU, testified in support of SB 21. He announced that he was the former commissioner of the Department of Revenue from 2003 to 2006 in the Murkowski administration. He participated directly in the formulation of Economic Limit Factor (ELF), in the formulation of the Petroleum Profits Tax (PPT). He was against the progressive tax as outlined in ACES. He understood that modifying the credit system was

necessary. He felt that the legislation would encourage investment in order to stem the declining oil production.

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CRYSTAL NYGARD, MATSU BUSINESS ALLIANCE, MATSU (via teleconference), spoke in support of SB 21. She shared that she was as small business owner and one of the cofounders of the Matsu Business Alliance. She was also a parent of three teenage boys. She shared that there were many colleges outside of the state that were recruiting her sons for their engineering and business departments She stressed the importance of her children attending college in a state with a thriving economy, long-term employment options, and a good education. She felt that Alaska needed to paint a picture of a thriving oil and gas operations. She felt that leadership with long-term investment in the state was necessary to become an attractive environment for business and economic investment. She urged the committee to listen to the market and future generations.

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MARVIN YODER, MATSU BUSINESS ALLIANCE, MATSU (via teleconference), testified in support of SB 21. He stressed that many residents of the Matsu were focused on growing private business. He felt that government should be given less money in order to support. He felt that the passage of SB 21 was a fair way to allow more private business in Alaska.

[5:05:25 PM](#)

DAVID TRANTHAM, SELF, BETHEL (via teleconference), spoke against SB 21. He felt that the legislation was not fair for all Alaskans. He remarked that ACES had helped the State build a \$19 billion savings account, and all oil revenue had helped the permanent fund grow. He felt that ACES needed minor changes, but did not need overall reform. He remarked that the native corporations may be able to assist in getting more oil into TAPS. He urged the committee to take time with the legislation, and converse with as many Alaskans as possible. He reminded the committee that they were accountable for their actions.

[5:09:04 PM](#)

TROY MCALLISTER, SELF, KENAI (via teleconference), spoke in support of SB 21. He remarked that TAPS flow was the lowest it had ever been, so immediate oil production was imperative. North Slope oil production had declined by almost 70 percent since its peak of 2.1 billion barrels per day in 1988, which accounted for more than 20 percent of domestic oil production. He felt that there new oil field production was too many years away, so immediate oil production from existing fields was necessary. He stated that Alaska needed to focus on investment into existing fields, so production could come online in a shorter time frame as part of an overall development strategy. He noted that Alaska had strong energy resources, but had one of the highest petroleum tax structures in the country. He felt that Alaska had lost many qualified craftsmen, professionals, and valuable equipment to more tax friendly location. He shared that his company had recently, but reluctantly, began pursuit of operations in Texas and North Dakota in order to remain in business. He stressed that Alaska needed to demonstrate to investors that it was willing and ready to work cooperatively with business and industry to create a more robust investment climate as deployment of new expensive technology would be required to recover and fully develop significant portions of the remaining state resources.

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MONTE DAVIS, SELF, HOMER (via teleconference), testified in favor of SB 21. He explained that there were extensive financial benefits of the oil industry. He felt that the bill was fair to Alaskans and fairly simple. He profoundly disagreed with progressivity. He remarked that if TAPS did not have oil running through it, Alaska's economy would greatly suffer. He stressed that tax policy had a great effect on the oil and gas industry. The number of barrels of oil running through TAPS was rapidly declining, and remarked that oil and gas tax reform was relevant and imminent.

[5:16:12 PM](#)

KELLY WALTERS, SELF, ANCHORAGE (via teleconference), spoke in opposition of SB 21. He felt that all Alaskans were part of the oil business. He remarked that the governor and some legislators had created uncertainty, because many of the large oil companies had simply been waiting for the taxes

to decrease before they invest in Alaskan oil. He stated that any new tax reform should not be expensive for the State, because the modifications in the tax structure should be in line with creating new production. He felt that any oil tax reduction should be tied to new oil production. He remarked that Alaska deserved to reap the benefits of high oil prices. He pointed out that Alaska did not have the highest oil tax in North America, because Mexico had higher oil tax rates than Alaska.

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MICHAEL JESPERSON, SELF, ANCHORAGE (via teleconference), testified in support of SB 21. He wanted the oil companies to invest in Alaska. He felt that, because of the decline in TAPS, his children would be forced to seek employment outside of the state. He remarked that the economy should be changed immediately, in order to keep jobs and people in Alaska. He did not feel that the current economy was healthy, because, as a salesman, he made less money in 2012 than he did in 2008. He shared that he would like to see an even lower tax than what was proposed in SB 21, but felt that the legislation was much better than ACES.

[5:24:07 PM](#)

RACHAEL PETRO, PRESIDENT, ALASKA STATE CHAMBER OF COMMERCE, ANCHORAGE (via teleconference), spoke in support of SB 21. She stressed that the members of the Alaska State Chamber of Commerce assigned meaningful oil and gas tax reform as the greatest legislative issue in Alaska. She stressed that there were thousands members of local chambers of commerce who agreed that meaningful oil and gas tax reform was the most relevant issue facing Alaskans. She thanked the committee for their focus on oil and gas tax reform.

[5:26:36 PM](#)

GARY DIXON, MEMBER, TEAMSTERS LOCAL 959, ANCHORAGE (via teleconference), testified in support of SB 21. He supported stability in the current tax system. He felt that oil tax reform would encourage more oil production, more oil in TAPS, and more Alaskans hired in the industry's jobs.

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SONYA FUNARO, SELF, ANCHORAGE (via teleconference), testified in support of SB 21. She shared that she worked in project performance management and was employed by an oil services company in Anchorage. She remarked that declining oil production would result in a lower permanent fund dividend (PFD). She shared that she had recently been a part of a construction project on the North Slope that included new production, engineering, fabrication, and construction in 2010. After that job ended, many of the workers on the project left the state to find other jobs. She stressed that many of Alaska's industries depended on the stability of oil and gas production. She felt that a strong economy would benefit her children.

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DEANTHA CROCKETT, EXECUTIVE DIRECTOR, ALASKA MINERS ASSOCIATION, ANCHORAGE (via teleconference), testified in support of SB 21. She remarked that a healthy oil and gas industry was healthy for the mining industry. She felt that the continued decline in oil and gas production and its effect on the economy was frightening for the people of Alaska. Alaska was an expensive and difficult place for oil and gas operations, so an accessible oil tax structure was imperative. She urged the committee to focus on increased oil production in order to support the financial and economic benefit of all Alaskans.

[5:31:48 PM](#)

AL CRAMER, SELF, ANCHORAGE (via teleconference), voiced support of SB 21. He stated that oil tax and regulations should be fair and simple to encourage exploration and production.

[5:32:29 PM](#)

TOM LAKOSH, SELF, ANCHORAGE (via teleconference), testified against SB 21, because he felt that it was unconstitutional. He felt SB 21 was unconstitutional because it failed to provide for the maximum benefit of Alaskans for the use of its resources as mandated by the constitution. The legislature must first verify that SB 21 would cause maximum benefit to Alaskans over the long term. He felt that cost competitiveness in the oil and gas industry did not translate to maximum revenue or utility of the natural resources. He felt that the oil and other

hydrocarbon resources in Alaska were finite resources that must be apportioned over the long term. He felt that production should be maintained, in order to prevent importation of petroleum products for use in Alaska. He felt that lower production was inevitable, so maximum revenue must be maintained over the long term.

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JOHN LAU, SELF, ANCHORAGE (via teleconference), testified in support of SB 21. He shared the concern of previous testifiers related to the decline in oil production on the North Slope. He remarked that science and engineering did not reflect that it was possible to lessen the decline slope without significant and consistent confusion of capital. He pointed out that Alaska lost approximately one half the annual production, every ten years. Alaskan prosperity would surely change, unless significant effort was made to slow the decline. He urged the committee to consider the long term projections. He pointed out the North Slope exploration and production projects took both time and investment with a magnitude much greater than other domestic oil regions like North Dakota and Texas.

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Co-Chair Meyer handed the gavel to Vice-Chair Fairclough.

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LENNY RHUDE, SELF, CHUGIAK (via teleconference), voiced support of SB 21. He shared that his daughters were attending college out of the state, because the economy in Alaska was so poor. He remarked that many people were seeking jobs in the oil and gas industry outside of Alaska. He felt that oil and gas tax reform was necessary for the long term support of Alaskans. He announced that State revenue would decline if oil production declined.

[5:40:52 PM](#)

KATI CAPOZZI, SELF, ANCHORAGE (via teleconference), spoke in support of SB 21. She stated that this was her third year in a row testifying before legislature advocating for meaningful changes to the oil tax policy. She remarked that since the first time she testified the supply of oil in TAPS had dropped by about 68,000 barrels per day. She felt

that Alaska should experience increased investment, because oil prices were at an all-time high. She reiterated that oil tax reform conversations had been ongoing for three years, so the time for meaningful change was imminent. She urged the committee to act swiftly and adopt meaningful oil tax legislation.

[5:42:31 PM](#)

TONY TENGS, SELF, JUNEAU, testified against SB 21. He felt that the governor had expressed that the state was in an economic upturn. He stressed that this radical change would result in a loss of many jobs. The state depended on financial benefit of the oil industry. He remarked that some people may not understand that the benefit for the State would be half of the current government take. He did not feel that the price of oil would decrease. He pointed out the work of many Alaskans to create ACES, and noted that the creation of ACES was a historic bi-partisan effort.

[5:45:19 PM](#)

ED GOHR, DELTA CONSTRUCTORS, ANCHORAGE (via teleconference), spoke in support of SB 21. He shared that his company was currently employing over 100 people working full-time in North Dakota. He pointed out that North Dakota was a more attractive investment location, because there was actual capital project work. He stressed that the focus should be on job growth, and Alaska was not competitive in the oil industry.

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JASON BRUNE, SELF, ANCHORAGE (via teleconference), testified in support of the concept of SB 21, but he felt that the legislation needed to go further to employ Alaskans. He stressed that the cost of oil production in Alaska was much more expensive than the other oil basins across the world. He felt that the progressivity portion of ACES needed to be removed in order to put more oil in TAPS. He felt that tax was an added cost that companies would consider when examining where to invest. He stressed that the royalties were a fair share for Alaska, but taxes were a choice of legislators. He understood that Alaska was an owner-state, so the money would be given to Alaskans through royalties. He felt that significant changes should

be made to the tax regime in order to lure more companies back to Alaska.

5:50:02 PM

AT EASE

5:50:55 PM

RECONVENED

Vice-Chair Fairclough stated that the committee would sit and wait until 6pm to see if more testifiers signed up to testify.

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AT EASE

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RECONVENED

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CAROLINE BOLAR, SELF, ANCHORAGE (via teleconference), testified against SB 21. She shared that she had worked in the oil industry for TAPS and Standard Oil. She felt that British Petroleum, ExxonMobil, and ConocoPhillips were fighting Alaskans with misinformation, massive advertisement, and political donations. She stressed that the producers were contractors. She felt that the legislature had an opportunity to serve Alaskans, and the legislators should not focus on reelection.

Vice-Chair Fairclough closed public testimony.

SB 21 was HEARD and HELD in committee for further consideration.

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ADJOURNMENT

6:00:52 PM

The meeting was adjourned at 6:00 p.m.