

HOUSE FINANCE COMMITTEE  
March 25, 2017  
10:04 a.m.

10:04:13 AM

CALL TO ORDER

Co-Chair Foster called the House Finance Committee meeting to order at 10:04 a.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair  
Representative Paul Seaton, Co-Chair  
Representative Jason Grenn  
Representative David Guttenberg  
Representative Scott Kawasaki  
Representative Dan Ortiz  
Representative Lance Pruitt  
Representative Cathy Tilton  
Representative Tammie Wilson

MEMBERS ABSENT

Representative Les Gara, Vice-Chair  
Representative Steve Thompson

ALSO PRESENT

Representative Dean Westlake; Representative Justin Parish;  
Representative Jonathan Kreiss-Tomkins

PRESENT VIA TELECONFERENCE

SUMMARY

HB 111 OIL & GAS PRODUCTION TAX; PAYMENTS; CREDITS

HB 111 was HEARD and HELD in committee for further consideration.

Co-Chair Foster addressed the agenda.

#hb111

HOUSE BILL NO. 111

"An Act relating to the oil and gas production tax, tax payments, and credits; relating to interest applicable to delinquent oil and gas production tax; and providing for an effective date."

10:05:28 AM

^PUBLIC TESTIMONY

10:05:31 AM

}Scott Ogan, Self, Juneau{ spoke in opposition to the bill. He shared information about the company he worked for that hoped to increase the production of heavy oil on the North Slope by making the substance lighter through nanophysics. He provided information about his past experience as an Alaska legislator. He relayed that the current tax credits were working. He shared that economics had gone south for a company and subsequently they had gone south as well. He communicated that the company he worked for had decided to come to Alaska in part due to the tax credits. The companies were small and dynamic, not like the large ExxonMobil, ConocoPhillips, or BP. He discussed that the small companies made decisions quickly and were currently trying to decide whether Alaska was a good place to invest. He stated that the changes to the tax system occurred more than some individuals changed clothing. He stated that the changes caused instability. He spoke to the billions companies spent in infrastructure. Companies would decide to take business elsewhere if the economics were not attractive. He stated some companies looked at Alaska like a third world nation. He implored the committee to provide a stable system. He did not like what he saw occurring in the state.

10:10:22 AM

Co-Chair Foster noted Representative Pruitt joined the meeting. He shared that individuals would receive two minutes to testify. He relayed that testifiers could also send in written testimony.

10:11:32 AM

~Malena Marvin, Self, Petersburg{ supported the bill. She believed the state had been giving away its oil for too long. She spoke to the need for money for state programs. She referred to steep cuts the local public radio station was facing. She stated it did not make sense to give money away to large corporations. She owned a small seafood business and was not receiving cash subsidies from the state.

[10:12:53 AM](#)

~George Pierce, Self, Kasilof{ spoke in favor of the legislation. He stated tax credits were not working and that companies received more in subsidies than they paid out in taxes. He supported changing from a net tax system to a gross tax system. He believed the past conduct of North Slope producers warranted careful public attention. He underscored that oil companies received more in subsidies than they paid out in taxes. He emphasized that the state could not continue the ongoing welfare to the oil industry. He continued that the contribution to the economy had dramatically decreased. The Permanent Fund Dividend had been reduced to Alaskans all to pay subsidies to companies. He wanted to see Alaska receiving its fair share for oil and gas resources. He spoke to the need to reporting requirements. He supported requesting Department of Natural Resources to preapprove expenditures. He stressed that the legislature did not even know how much oil companies made due to confidentiality provisions. He stated that a company paying a 10 percent profit tax received a 35 percent reduction. He spoke to a conflict in interest in the legislature due to members working for the oil industry.

[10:17:55 AM](#)

~Allen Icet, Self, Anchorage{ testified in opposition to the bill. He believed everyone would agree that more oil in the pipeline was the desired situation. He stated that increasing taxes would not put more oil in the pipeline. He shared that friends in the oil industry had lost their jobs. He continued that increasing taxes would result in the loss of more jobs. He spoke about thousands of Alaskans working in the oil industry. He strongly encouraged the committee to not support increased taxes.

[10:19:48 AM](#)

~Brad Faulkner, Self, Homer{ supported the bill. He shared that he was in the fishing industry and had worked in the oil industry over the years. He was concerned about the state receiving a fair share for its oil. He shared that he had followed the issue since 1973. He stated that people in the oil industry would always complain that they did not want to pay taxes. He did not understand subsidizing the oil industry. He stated that currently when oil companies owed taxes after three years they paid no interest, which he supported changing. He shamed the GOP majority from the prior year related to credits given to the oil industry. He provided an example of the revenue coming in for oil companies. The current tax statute was disappointing as a private citizen.

[10:22:40 AM](#)

~Bob Shavelson, Self, Homer{ testified in support of the legislation, but he believed it did not go far enough. He supported the comments of the previous speaker. He referred to a cartoon from the 1970s that had been recounting the three arguments made by the industry - that changing taxes would make the location undesirable, other places would be more attractive, and other. He believed it was necessary to change from a gross to a net tax system. He underscored there would never be a circumstance where the oil industry would give up profits.

[10:24:36 AM](#)

~Larry DeVilbiss, Self, Mat-Su{ testified in opposition to the bill. He had never worked directly for oil companies, but he had developed businesses in the farming industry that worked in competitively difficult situations. He thought the issue of fair share had been established when the royalty standards had been set up. He stated that if the state treated its partners the way Venezuela did, it would be in trouble in a few years. He asked the legislature to put its first priority in cutting government costs. He believed they needed to take caution to avoid killing the golden goose.

[10:27:29 AM](#)

~Scott Hawkins, President and CEO, Advanced Supply Chain International, Anchorage{ spoke against the legislation. His company was oil and gas related. The company relied on

the private sector industry for a living. He provided detail about the company and its employees. He stated that the cash credits had largely been dealt with the prior year in HB 247. He did not think it was wise to change the system yet again. He furthered that the bill was bad for the private sector economy. He spoke to the recession the state was currently in and the subsequent job loss that had resulted. He believed the bill would only deepen the recession. He opined that the bill was also bad for the public sector. He stated the public sector needed more revenue. The bill would work against the long-term needs of production. He emphasized that for the first time in 15 years, production was starting to increase. He underscored that the current system was working. He urged the committee to set the bill aside.

[10:30:27 AM](#)

~Dirk Nelson, Self, Fairbanks{ testified in support of the legislation. He spoke to his support of the prior SB 21 referendum. He spoke to current legislators who had voted against timely audits of oil companies. He had heard references to thousands of individuals losing their jobs in recent years. He countered that he had received information that people were being hired under the job slogan during the SB 21 referendum to indicate it was not about revenues, but about jobs. He thought those individuals were stage props. He stated that as soon as soon as oil companies had won the SB 21 referendum BP and Conoco had laid off over 10 percent of their North Slope crew. At that time oil had been about \$80 per barrel. He addressed provisions of law that allowed companies to call existing fields, new oil. He underscored that SB 21 was not working. He did not believe it was possible that SB 21 had influenced the uptick in production. He referenced the 2011 Revenue Source Book that had predicted upticks in production in 2014 and 2016. He did not support giving away tax credits to the oil companies.

[10:34:19 AM](#)

~Dan Sadler, Indivisible Alaska, Palmer{ spoke in favor of the legislation, but he believed it did not go close to far enough. He stated that Alaska was paying the oil companies to take its oil. He furthered that Alaska was paying oil companies the highest per barrel profit in the world. He believed the state should be receiving more for its oil. He

stated that revenues had decreased, but the price of oil had only dropped 62 percent. He stated that production revenues had dropped by 109 percent. In 2016 companies had produced 8.4 billion barrels of oil. He stated that Alaska had much less than it should receive. He supported switching from net production tax to a gross tax with adjustments for the lower cost legacy fields. He spoke to auditing requirements that the legislature had not been adequately funding. He spoke to confidentiality laws that allowed oil companies to artificially influence tax in their favor. He stated the current system was at the expense of the state.

10:37:36 AM

~Jill Schaefer, Self, Kenai{ spoke against the legislation. She shared that she is an assemblywoman in Kenai. She did not believe the bill would increase investment or production in Alaska. She heard from numerous people moving out-of-state to make money to support their families. She stated that more production would produce more money long-term to bring in money to pay for programs. She emphasized that the bill indicated to investors that Alaska was not a stable environment - the investors would go elsewhere with their money. She stressed that the state had the ability to get out of recession, but the bill hindered the state's ability to do that. She urged the committee to drop the bill.

Co-Chair Seaton noted Ms. Schaefer had identified herself as an assembly member. He asked if she was speaking as an assembly member or herself.

Ms. Schaefer replied she was speaking on behalf of herself.

10:39:31 AM

~Regina Daniels, Self, Soldotna{ testified against the legislation. She shared information about her business in the private sector. She spoke to negative impacts on her business. She stated that the bill would be detrimental to exploration and would be a direct hit to the state's private sector. She spoke to work directly related to oil field that had enabled her company to maintain employees throughout the winter. She asked the committee to think about families that would be negatively impacted by the

legislation. She implored the committee to vote against the bill.

10:41:25 AM

~Charles McKee, Self, Anchorage{ relayed that he would provide written testimony as well. He shared that he would provide information about the law and U.S. government. He wondered if the federal government was supportive of the people or corporations. He referred to U.S. code and Alaska statute in relation to corporations. He believed there was full scale deception. He spoke about underwriters in the oil industry. He did not believe two minutes was sufficient time to testify. He spoke about attempts to do away with the Affordable Care Act. He spoke to draining the swamp.

10:45:08 AM

Co-Chair Foster provided the House Finance Committee email.

~Michelle Toohy, Self, Anchorage{ testified in opposition to the bill. She did not support changing the tax structure again and believed it was nonsensical. She believed the changes in the bill would harm the industry bringing revenue to the state's economy. She stated that the bill would lead to fewer jobs, less production, less revenue to the Permanent Fund, and lower state revenue over the long-term. She stated more production was needed, which would generate more revenue for the state. She opined that the oil companies would take their business elsewhere. She would hate to see her children move out of state because of negative impacts the bill would have.

10:47:02 AM

~Jerry Walker, Self, Fairbanks{ spoke in strong opposition to the bill. He believed the bill would reduce revenue to the state over the long-term. He asked committee members to consider the issue from the perspective of an investor. He spoke to the instability of numerous changes in tax structure over the years. He spoke to the items investors should consider. He asked members if they would prefer to invest in an adversarial climate. He discussed potential job loss for Alaskans. He asked members to consider if a legislative environment encouraging more private investment in Alaska be good for current and future Alaskans. He wanted an environment that supported long-term investment

in the state. He strongly encouraged the legislature to focus on promoting a positive environment that invited sustainable long-term investment.

[10:49:46 AM](#)

~Sarah Dunlap, Self, Juneau{ spoke in support of the legislation. She was a small business owner. She believed every Alaskan had to do their part to work to solve the state's budget problem. She also supported a state income tax because she cared about the state's future and wanted to do their part. She shared that she had a mentally disabled daughter who was also doing her part. She shared that her daughter's Permanent Fund Dividend had been cut and cuts had been made to her services. She supported the bill because she believed oil and gas producers also needed to do their part. She underscored that giving the state's oil revenue away was not sustainable. She agreed that changes should not keep being made to the oil tax structure; however, she believed there would never be stability until a fair tax was reached.

[10:53:02 AM](#)

~Jim Plaquet, Self, Fairbanks{ testified in opposition to the bill. He believed the bill went too far and would hurt investment in Alaska. He supported attracting investment in Alaska. He stressed that Alaska could not increase production by increasing taxes. He stated it was not possible to tax away the industry's incentive to invest and still expect to have a sustainable economy. He thought legislature should be considering how much future investment the state could attract to put more oil in the pipeline.

[10:54:31 AM](#)

~Maynard Tapp, Self, Anchorage{ spoke against the bill. He supported increased oil production. He shared that SB 21 had resulted in a decrease in production decline. He thought the state should not spend more than it could afford, but it had been doing so for years. He shared that he worked for a small company that had lost jobs in the oil industry. He thought the item should be taken off the table.

[10:56:12 AM](#)

~Stephen Taufen, Self, Kodiak{ supported the bill, but took issue with the \$1 on \$10. He wanted to avoid the net operating losses (NOLs) from spiraling down. He shared information about his employment history in Alaska. He referred to testimony given by Randall Hoffbeck, Commissioner, Department of Revenue who had mentioned the resource curse in the past. He countered that the commissioner had not mentioned that it was what economists called the paradox of plenty. He elaborated it was a situation where states with bountiful natural resources fail to develop vibrant middle class economies with many jobs. He stated it was due largely to the combined efforts of resource exploitation, multi-national corporations, and politicians the companies corrupted. He believed the legislature was responsible for allowing the situation to occur in Alaska. He referred to economic terrorism. He would prefer to recognize that Iraq and other nations do cost-plus recovery - Iraq's government take was about 98 percent. He believed the state needed to establish a rational wealth retention. He did not support subsidies. He supported the establishment of a resource economic sovereignty commission to fight the unregulated economic wealth bleeding.

[10:59:08 AM](#)

~Pat Holmes, Self, Kodiak{ spoke in support of the legislation. He spoke to tremendous cuts to state services. He remarked that most people who had moved back to places like Texas and Oklahoma had benefitted directly. He shared that he had worked in Cook Inlet in the past. He believed HB 247 had been a good start the previous year, he believed the current bill could be more severe. He did not support cash subsidies to the oil industry. He thought the state may need to be more restrictive. He believed they should focusing on going towards credits for growth production. He believed the bill represented a good start. He lauded the committee for working on the issue.

[11:01:40 AM](#)

~Mike Milligan, Self, Kodiak{ spoke in support of the legislation. He thought the issue was whether the state would monetize NOLs. In other words, he wondered if the state was going to hand out cash to people taking risk on the North Slope. He stated it was possible for a company to

get paid by the state for developing a technology, but not use it in Alaska. He supported leveling the playing field and encouraging development, but he emphasized that He stated that 65 to 70 percent of worldwide oil production came from a state-owned facility (e.g. Norway and Saudi Arabia). He stated that oil companies were not leasing in those locations and were working as hired hands. He thought that if the state was going to monetize NOLs and pay to develop technology, it should just have a state-owned oil field. He believed there should be production-based credits and that the monetization of NOLs should be taken off the table. He believed if the price of oil was low people would leave. He cautioned that the lessening of environmental regulations in the state would have a profound effect on Alaska. He thanked the committee for its work.

11:04:48 AM

~Bob Stinson, Self, Anchorage{ testified in opposition to the bill as it was currently written because it would be detrimental to the state's economy. He shared information about his professional background. He believed the bill was in response to solving the state's budget gap and not in response to fixing a problem with the tax structure. He addressed declining production and inclining oil prices in past years. He stressed that Alaska's budget should be based on providing a reasonable and predictable level of services for residents regardless of the fluctuation of oil prices. He believed the bill represented a lack in foresight in managing government spending. He always thought oil prices and production would save the day in Alaska, but that was no longer the case. He did not support to putting more taxes on the industry in response to the state's budgetary problems.

11:08:02 AM

~Lynn Johnson, Self, Anchorage{ spoke against the legislation. He thanked the committee for hearing the testimony. He shared information about his business. He spoke to current slowdown in the economy that had caused his business to operate fewer hours per week. He stated that the bill was flawed because it reduced investment. He specified that in the oil price range of \$50 to \$70 per barrel, the change would increase oil taxes between \$60 million and \$95 million per year. He stressed the importance of encouraging additional investment in

facilities and infrastructure to prolong oil field life and facilitate exploration. He discussed various times the tax structure had been changed in the state. He believed the bill was a bad investment decision for the state.

[11:10:44 AM](#)

~Karl Gohlke, Mechanical Contractors of Fairbanks, Fairbanks{ testified in opposition to the bill. He shared information about the company. He believed the bill would decrease the competitiveness of Alaska's projects and would rob the companies of investment capital required to expand existing fields and discover new ones. He stated increasing taxes on the industry would do more harm to the state's economy in the long-term. More investment meant more production, more revenue for the state, and more jobs for Alaskans. The current tax system was balanced. At current prices Alaska's oil tax policy brought in more to the state than would have come in under the prior system. The new 2017 tax change represents the seventh tax credit system if adopted. He was concerned with investments ceasing due to the proposed tax policy. Alaska could not increase production by increasing taxes.

[11:13:42 AM](#)

~Marissa Sharrah, Fairbanks Chamber of Commerce, Fairbanks{ spoke against HB 111. She asserted that the proposed tax system would lead to increased burdens to oil companies and would discourage investments in Alaska. The chamber was opposed to the bill that would bring the fifth tax increase to industry in ten years. She spoke to the difficult environment in Alaska for the oil industry. She added that the industry was still grappling with a downturn due to lower prices and production. She stated it is the fiduciary responsibility of the producers to look after their shareholders. She stated that increased production was the number one way to increase benefits to Alaska. She noted the potential direct and indirect job losses the bill would cause.

[11:15:56 AM](#)

Representative Wilson asked if Ms. Sharrah was testifying on behalf of the Fairbank Chamber or herself. Ms. Sharrah stated "both."

[11:16:19 AM](#)

~David Otness, Self, Cordova{ spoke in favor of HB 111. He thought it was interesting that the oil industry had been espousing doom and gloom and stating that companies would all leave the state. He stated that the statements had been used for SB 21 and HB 110 three years earlier. He referred to testimony about increased investment after the passage of SB 21 - he countered that the investment had been planned prior to the passage of the bill. He referred to modifications that could have been made that would still bring in revenue from royalty fields. He mentioned supply and demand. He thought the oil companies were experts in the industry and were aware that there would be a downturn. He asserted the oil companies knew the downturn was coming which is why the industry pressed to get the legislation passed. He was tired of hearing that the oil industry was the only thing happening in the state. He believe reducing the Permanent Fund Dividend was far worse for the state.

[11:19:47 AM](#)

~Mike Sallee, Self, Ketchikan{ spoke in favor of HB 111. He disputed claims that climate change was a hoax. He emphasized the impacts resource extraction had on the environment. He thought the major driver of the Alaskan economy was oil, but diversification was necessary. He stated that not everyone in Alaska agreed that more oil needed to go through the pipeline. He agreed with the elimination of NOLs. He opined that the oil industry should be audited to clearly show where Alaskan oil revenues were going. He wanted to know if the state was being paid fairly for its oil, but the information was not forthcoming. He disagreed with the gloom and doom picture provided by the oil companies. He used Ketchikan as an example and explained that the community had not died when the pulp company had left.

[11:23:21 AM](#)

~Roberta Highland, Self, Homer{ strongly supported HB 111. She discussed that for over 40 years Alaska had depended almost exclusively on the volatile fossil fuel industry and had not seriously diversified. She thought that was crazy. She thought oil would end and that the state needed to get its fair share. She referred to the Valdez oil spill that had taken place 28 years earlier. She referenced an article

by Robin Brena that explained the situation. The article stated that the oil industry owed Alaska \$35 billion since 1978. She emphasized that climate change, ocean acidification, and sea level rise were all real. She continued that the environment had not recovered from the Valdez oil spill and there was currently a gas leak under Cook Inlet. She spoke to companies that had been operating unsafely. She urged support for HB 111. She encouraged members to make plans for Alaska's future.

[11:25:43 AM](#)

~David Scott, Self, Auke Bay{ spoke in support of HB 111. He mentioned he had spent 30 years in the oil industry. He thought the bill did not go far enough in terms of taxing producers. He believed the large producers should pay their share. He was thankful for the testimony of others.

[11:27:03 AM](#)

~Teddy Babcock, Self, Fairbanks{ testified in opposition to the bill. He shared that he was currently a University of Alaska - Fairbanks mechanical engineering student. He spoke to the negative job outlook for the future. He thought the comparison of Alaska to Iraq was disingenuous. He stressed that it was unwise to believe just because the oil industry had continued to operate in Alaska that it would always be here regardless of the conditions. He relayed that Alaska was unique because it was 90 percent dependent on oil revenues. He stressed that if the oil industry left it would mean the end of the state.

[11:29:17 AM](#)

~Anne Doerpinghaus, Self, Fairbanks{ spoke in favor of HB 111. She was in support of a sustainable, balanced budget that was not centered only on fossil fuels. She stressed that renewable energy was rapidly becoming cheaper, cleaner, and preferred. She was also willing to pay an income tax or sales tax and giving up a portion of her PFD as long as the oil companies also paid their share. She spoke to environmental issues facing the state including the melting of permafrost, erosion of coastlines, and other. She emphasized the importance of taking a long-range view for the health and economic wellbeing of the state's future generations. She encouraged members to think about

the future of the state. She supported more revenue diversification.

[11:31:01 AM](#)

~Joan Franz, Self, Fairbanks{ spoke in support of HB 111. Shared information about her professional and personal background in Alaska. She was in favor of replacing SB 21, which she believed was a complex oil tax written by and for the big three oil companies. She detailed that Fairbanks had understood that and had voted it down. She stated that HB 111 supported oil exploration but required oil companies to begin paying a more fair tax. She stated that Alaska oil continued to be the bread and butter of the big three oil companies. She thought it the legislation moved towards a more equitable structure. She added that she also supported an income tax to help balance the budget.

[11:32:21 AM](#)

~Jareemiah Emmerson, Self, Homer{ spoke in support of HB 111. He noted he was not certain the bill went far enough. He compared the situation that had occurred when banks had to be bailed out by the people. He stressed that it was not possible to protect the Permanent Fund Dividend if the state was not receiving its fair share of taxes. He believed the first step was passing HB 111. He underscored that there were more industries in Alaska besides just the oil industry. He was happy to pay his fair share if the big oil companies also paid their fair share. He thought the state was being fair and the bill was highly generous because companies would still receive credits. He fully supported the legislation and gave kudos to the House Majority coalition.

[11:34:57 AM](#)

~Kate Blair, Government and Public Affairs Manager, Tesoro Corporation, Anchorage{ opposed HB 111. She shared information about the company. She spoke to the jobs the company brought to Alaska. She relayed that the company did not pay production tax in Alaska. She emphasized that in-state oil production mattered; any loss of production would affect the in-state refinery and would potentially make the company's economics more challenging. She spoke to the declining production in Cook Inlet. She discussed that the company had signed a royalty oil contract with the state

that allowed it to purchase oil with a benefit to Alaska of \$45 million to \$56 million. She spoke to increased investment since the passage of SB 21 that had resulted in stable, local supply for the majority of the company's crude. Declining production would result in the Kenai refinery importing more crude to meet the market demands. She continued that coupled with extremely high energy costs importing could make local refining less economical. She stated that it could ultimately impact the stable local supply of transportation fuels in Alaska. She asked the committee to consider how modifications would impact production and in-state manufacturing.

[11:38:56 AM](#)

~Rebecca Logan, General Manager, Alaska Support Industry Alliance, Anchorage{ opposed HB 111. She provided detail about the alliance that represented Alaskans. She reported that the member companies of the Alliance employed 30,000 Alaskans. She noted that producing companies had never been members of the organization. She specified that since 2015 the member companies had laid off 3,000 people, which had resulted in \$400 million in payroll being taken out of the Alaskan economy. She emphasized the need for more oil production, which would lead to more revenue and more jobs. The bill would not provide those things. She asked the House Majority to stop attacking Alaskans - via social media - who had turned out to testify during the current meeting.

[11:40:31 AM](#)

~Keith Silver, Self, Anchorage{ spoke in opposition of HB 111. He did not work for an oil company or service company. He discussed that resource development was costly in Alaska due to weather conditions and lack of affordable access. He stressed that the fiscal policy needed to be competitive, fair, and consistent. He believed the bill failed the consistency test because it changed the taxes for the seventh time in 12 years. He explained that it also failed the fairness and competitive tests. He spoke to the importance of incentive credits. He mentioned the factors companies had to consider in order to do business. He did not think the proposed tax system was equitable and did not think it provide incentive to the oil industry to do business.

[11:42:28 AM](#)

~Cathy Duxbury, Self, Anchorage{ spoke in opposition of HB 111. She did not support continued discussions by the legislature about how to increase taxes on an industry that had brought Alaska a great economy over the years. She relayed that increasing oil taxes year after year made the economy unstable. She spoke of the employee reductions in the office she worked in. She did not believe the state had made enough reductions to the budget. She discussed that Alaska residents were not spending money in the economy out of fear they would not have money in the future. She thought the legislature should focus on incentivising the industry to attract investment and more oil in the pipeline.

[11:44:33 AM](#)

~David Morgan, Self, Anchorage{spoke in opposition of HB 111. He reported being in Alaska since 1982 - he spoke to his background as an economist. He spoke of an article that he would forward to committee members from Bloomberg News related to the disaster related to resource development and the tax policy in Alaska. He thought what would be decided by the legislature would have titanic effects on the state in terms of whether there would be responsible development, a viable budget, and a growing economy. He stressed that oil had funded the state's schools, roads, airports, etc. He suggested that Alaska needed to look at the cost of producing oil. He discussed declining oil production. He relayed that the cost of infrastructure was more than the revenues to the industry. He reported that Alaska was not a good investment at present.

[11:48:22 AM](#)

~J.R. Wilcox, Chair, Anchorage Chamber of Commerce, Anchorage{ spoke in opposition of HB 111. He provided detail about the organization. He did not appreciate the characterization that all testifiers opposed to the bill were somehow related to the oil industry. The chamber spent its energies promoting the economic prosperity of Anchorage. He read a quote from Winston Churchill. He thought the legislation did not promote oil investment in the state. He stated that changing the oil tax system made the oil industry less competitive in the past. A stable tax environment would provide additional stability in Alaska's

economy. He suggested that reducing revenues would reduce investment.

[11:51:47 AM](#)

~Renee Limoge Reeve, Self, Anchorage{ opposed HB 111. She was offended when people did not give credit to the oil industry for its contribution to Alaska's economy. She stressed that the state had received billions in revenue, a healthy economy for decades, and jobs. She asked the committee to avoid taking a short-sighted approach to tax policy. She encouraged a long-term approach that supported investment and production. She implored legislators not to pass the legislation under consideration.

[11:53:11 AM](#)

~Marleanna Hall, Executive Director, Resource Development Council, Anchorage{ spoke against HB 111. She provided detail about the organization. The organization believed the best approach to expand the state's economy was to produce more oil, attract more tourists, harvest more fish and timber, and mine more minerals. She suggested that increasing taxes on the oil industry during a period of low oil prices would not encourage investment and would be damaging to the economy and the private sector. She thought production decline rates would go up. She encouraged growing more wealth. Her members were not asking for a tax decrease but urged members to do no harm by opposing the legislation.

[11:55:53 AM](#)

~Marcus Sanders, Self, Anchorage{ strongly opposed HB 111. He stated that the oil industry had funded almost 90 percent of Alaska's government since the pipeline had been built. The oil industry provided at least 55 percent of the state's income at present. The industry helped to fund schools, roads, public safety, airports, and charities. He stressed that the industry had provided the luxury of not having to pay a state income or sales tax. He thanked committee members for their time.

[11:57:26 AM](#)

~Michael Jespersen, Self, Anchorage{ spoke in opposition of HB 111. He shared that he had never worked for an oil

company or for a company dependent on the industry. He thought changing the tax system for the seventh time was not a smart idea. He thought the legislation would result in less production and would be detrimental to jobs. He urged members to stop raising taxes and changing the system. He emphasized that the best way to help the state was to increase the number of jobs. He thanked the committee.

[11:59:09 AM](#)

~Dawn Patience, Self, Anchorage{ urged members to oppose HB 111. She wanted members to look beyond the election cycle and protect Alaska's future.

[11:59:58 AM](#)

~William Harrington, Self, Anchorage{ opposed HB 111. He referred to modeling done by the state and called it speculation. He stated that Alaska had 250 to 500 years of oil activity remaining. He spoke to other sovereign wealth funds including Norway. He stressed that the proposed investment policy in Alaska did not favor the home team. He noted having waited 3.5 hours to testify on the income tax bill. He spoke to his dissatisfaction with the public testimony process.

[12:02:22 PM](#)

~Jim Hill, Self, Anchorage{ opposed HB 111. He stated that the bill would not do anything to solve the state's current financial situation, it did not promote jobs in the private sector, and did not encourage further investment in the state. He shared that he worked with a forklift business working with many transportation, warehousing business in the state. He had seen the effects of the state's uncertain tax policy first hand. He supported letting SB 21 continue to work. He thought the legislation would not help the state in its current fiscal situation. He worked for a transportation company and had seen jobs lost. He thought Alaska's answer was additional oil. He thanked the committee.

[12:03:44 PM](#)

~Ross Bieling, Self, Anchorage{ spoke against HB 111. He thought the state had lost its credibility because of not

paying the oil tax credits to its creditors. He urged paying credit money owed to oil companies such as Caelus. He shared a conversation he had had with a former BP executive. He stated that the oil companies chose to be in Alaska and could leave. He spoke to wells that had been shut down and about employee layoffs in the industry. He thought the state should be more careful with the policy it was creating. He thanked the committee.

[12:05:52 PM](#)

~Jesse Thacker, All Pro Toyota Alaska, Anchorage{ spoke in opposition of HB 111. He shared information about his business. He reported the majority of his customers were involved in the oil industry. He thought the state economy was in sad shape. He stated that when the business environment in Alaska had changed, the state municipalities had refused to change their spending habits. He encouraged the legislature to be a good business partner and to stop changing the tax policy. He stated that increase in volume would mean to more profit and jobs and other benefits.

[12:08:08 PM](#)

~Paul Kendall, Self, Anchorage{ had no position on the bill. He recommended radio broadcasting of public testimony. He mentioned needing a disclosure of secrets. He proposed members leaving Juneau and advocated moving into the BP building.

Co-Chair Seaton asked Mr. Kendall to submit the remainder of his testimony in writing.

[12:12:28 PM](#)

~Kay Schuster, Self, Anchorage{ opposed HB 111. She shared that she was a small business owner specializing in hunting and fishing. She stated that it had been many years since Alaska had the opportunity for more oil production. With an increase in production the oil companies would renew their great financial support in the state's public schools through their business partnerships. Additionally, jobs would be maintained and people would stay in Alaska. She provided examples of the benefits of the oil industry in Alaska. She thanked the committee.

[12:13:25 PM](#)

~Michael Mason, Self, Anchorage{ spoke in favor of HB 111. He believed the legislature had sold the state out to the oil companies for many years. He did not think the bill went far enough. He stressed that oil would not leave the state. He continued that oil companies made investment decisions based on global price fluctuations, which had nothing to do with Alaska's tax structure. He noted that Norway was a great comparison to Alaska - Norway's sovereign wealth fund was about \$900 billion. He stated it was what Alaska's Permanent Fund should be if the state had not allowed itself to be robbed by oil companies over the years. He thanked the committee for its time.

[12:14:27 PM](#)

~Michele Vasquez, Self, Soldotna{ supported HB 111. She had fought hard to repeal SB 21. She believed it was important to reform the oil tax credits in the name of fairness to Alaska and its citizens. It was not fair to ask Alaskans to pay income tax and give up PFDs while paying oil companies millions of dollars. The bill would reduce the state's liabilities during the current fiscal crisis. She would be submitting an article by Dermot Cole to members. She fully supported the legislation.

[12:15:50 PM](#)

~James Lounsbury, Self, Fairbanks{ opposed HB 111. He had spent half of his life in Alaska before the pipeline and then after the pipeline. He recalled that before the pipeline businesses had shut down in the winter months, but after the pipeline had been built businesses had remained open year-round. He spoke of all of the benefits resulting from the pipeline and encouraged members to vote against HB 111. He did not want to see the state's resources get squeezed out.

[12:16:58 PM](#)

~Andy Durny, Self, Fairbanks{ strongly supported HB 111. He provided some of his background. He disputed the claim that the primary reason for the decline in oil production was the tax structure. He understood the state depended on oil revenue, but the oil revenue was derived from the state's resources. He stressed that even though the state received most of its money from the oil industry, the oil industry

was a for-profit industry that made billions of dollars. He believed the bill was fair to the oil industry and was even fairer to the people of Alaska. He indicated that the state's resources belonged to the people of Alaska. He referred to comments about the numerous changes to the tax structure over the years and explained that the changes had resulted because the legislature had never gotten the structure right. He thought the legislation was a step in the right direction.

12:18:43 PM

~Lynette Clark, Self, Fairbanks{ spoke in opposition to HB 111. She reminded members of the obligation of their oath of office. She thought the legislation was a detriment to all of Alaska and constituted a knee-jerk reaction to SB 21. She did not believe the state had a fiscal plan and HB 111 should not be addressed until it is obvious whether SB 21 was working. Alaskans had a long memory.

12:21:38 PM

~Ryan McKee, Americans for Prosperity, Wasilla{ opposed HB 111. He stated that targeting resource development was not the answer to the state's fiscal problem. He thought that some people believed the state was not getting its fair share of oil revenue if oil companies were profiting. He thought the legislation meant that Alaska was not open for business. He stated that oil companies were currently feeling the pain of low oil prices. He asserted that Alaska was in a recession. Any additional taxes on the industry would be a disincentive to the oil industry. He urged members to oppose HB 111.

12:23:21 PM

~Ann Rappoport, Self, Anchorage{ spoke in favor of HB 111. She did not believe further cuts were the answer. She had been saddened in the last several years as past legislatures had unsuccessfully struggled with balancing the state's budget. She thought additional cuts would be detrimental to state services and education system. She underscored that the solution to a balanced budget needed to include a balanced mix of tax reform and new tax revenues. She favored an income tax. She noted oil was a finite resource. She spoke to harmful effects on the environment. She recommended diversifying the economy. Oil

tax reform was necessary. She specifically encouraged the elimination of the carried forward annual loss credit to reduce future fiscal liability to the state, to harden the tax floor, to increase the minimum tax from 4 to 5 percent, and several others.

[12:25:59 PM](#)

~Peter Mjos, Self, Anchorage{ spoke in favor of the legislation. He emphasized that the health and wellbeing of Alaskans was reliant on a stable fiscal policy. He did not fully understand the intricacies and nuances of Alaskan oil tax policy, but he understood that the oil belonged to the state. The Alaska Constitution stated that the resources must be used for the maximum benefits of the state's citizens. He stated that at low oil prices of \$40 per barrel, ConocoPhillips had earned \$250 million in profits in Alaska in 2016. The company had lost money on investments elsewhere at the same time. He believed the industry would remain in Alaska until the last drop of oil was extracted. He fully supported the efforts of the bill.

[12:28:24 PM](#)

~Andrew Lessig, Self, Anchorage{ testified against the bill. He had previously been in support of repealing SB 21. He stated that under SB 21 oil production had increased and the bill should remain law. Oil prices had declined, but production had increased. He hoped the price of oil and production would continue to increase. He stated that long-term production was increasing. He was opposed to changing the tax structure system again.

[12:30:44 PM](#)

~Curtis Thayer, President, Alaska Chamber of Commerce, Anchorage{ spoke in opposition to the legislation on behalf of the Alaska Chamber of Commerce. He stated that the bill constituted the sixth time the state had changed its oil tax policy. He underscored that the previous change had been nine months back; the effects of HB 247 had not even been witnessed. He believed Alaska was not keeping up with investments across the world. He spoke in support of SB 21 and believed it was the time to maintain a stable tax policy. He referred to numerous oil companies investing in Alaska. He supported letting the oil flow through the pipeline.

[12:32:46 PM](#)

~Jeremy Price, Director, Americans for Prosperity, Anchorage{ testified against the bill. He addressed the Permanent Fund Dividend and the various opinions about it. He believed maintaining robust oil production was important. He spoke about legislation that would increase throughput in the Trans-Alaska Pipeline System (TAPS). He stated that "greenies" testifying throughout the state did not like the fact that Alaska was a resource state. He encouraged the legislature to pass legislation that encouraged more oil production.

[12:35:26 PM](#)

~Jeannie Pierce, Self, Kasilof{ was in favor of the bill. She believed the current tax policy represented a giveaway in revenue. She spoke to a loss in jobs throughout the state. She shared that the oil industry paying a 10 percent tax received a 35 percent deduction. She discussed that North Dakota was looked to for guidance; however, it would take 20 oil companies to reach a percentage of total production compared to 3 companies. She believed the bill was a beginning. She stated that SB 21 had been about creating more jobs, but jobs had been lost. She referred to testimony by BP that jobs would be automated. She reminded the committee that the Chamber received many donations from the oil companies for lobbying.

[12:40:15 PM](#)

~Laura Demaray, Self, Matsu{ testified against the legislation. She shared that she worked as a nurse for patients with disabilities and was also a small business owner. She believed that with a low TAPS flow rate and low oil prices, it was counterintuitive to change the tax structure. She stated the bill would impact private sector jobs. She stated that in her business if she changed prices repeatedly it would make her seem very untrustworthy and incompetent. She noted that the oil and gas private sector had been faced with firing about 8,000 families. She stated that continuing to change the tax system would have a negative impact. She stressed that Alaska had a spending problem, not an income problem. She stated that one of the most egregious aspects of the bill was bringing another

level of regulation on oil and gas expenditures in a DNR process. She thanked the committee for its time.

[12:44:40 PM](#)

~Ceal Smith, Alaska Climate Caucus, Eagle River{ testified in support of the legislation. She urged committee members to vote yes on the legislation, but she did not believe the bill went far enough. She believed Alaska had a revenue crisis, not a budget crisis. She spoke to the profits brought in by oil companies in a given year. She did not believe Alaska was receiving its fair share from industry. She thought the state needed to be doing better. She supported a gross tax on profits rather than a net tax. She believed it was time for the industry to pay its fair share.

[12:49:37 PM](#)

~Edward Witbeck, Self, Kenai{ spoke against portions of the legislation, but in support of a change to the oil tax system. He believed the oil industry was lying to the state. He believed certain legislators working with the oil industry should not be in office. He asked the committee to maintain parts of the legislation, but discard others. He stressed that if the companies did not like it they could leave and the leases could be resold.

[12:53:00 PM](#)

~Robert Archibald, Self, Homer{ testified in support of the bill. He discussed that the state's budget fluctuated like the price of oil. He stated that the price of maintaining the state's economy was increasing. He spoke to raising taxes including sales and income taxes. He thought oil companies should pay their share too. He added that he had noticed many nonresidents coming to Alaska to work on the North Slope or in Cook Inlet - he would like to see the individuals pay an income tax.

[12:55:14 PM](#)

~Judy Patrick, Self, Wasilla{ strongly opposed the legislation. She believed it was very detrimental to the state to continue to change tax policy. She stressed that HB 111 was job killing legislation. She believed the legislature should be doing everything possible to

encourage oil production to increase the number of jobs for state residents.

[12:56:18 PM](#)

~Dan Graham, Self, Mat-Su{ testified against the bill. He spoke to a decline in production in the past that had been buffered by high oil prices. He discussed that there had been an increase in oil production after the passage of SB 21. He explained that for incentives to result in new production in the pipeline took up to ten years. He did not believe it was currently time to change the tax structure. He supported leaving the existing tax structure in place.

[12:57:51 PM](#)

~Garvan Bucaria, Self, Wasilla{ spoke in opposition to the bill. He had been involved in the petroleum industry as a seismic observer and other. He believed the state's oil benefitted no one if it continued to remain underground. He believed the state should continue to stimulate the petroleum industry, incentivize production, and encourage the discovery of new fields. He referred to testimony that majors may benefit even when oil prices were low because they continued to benefit through their corporate structure. He believed the loophole needed correction. He believed the problem was that Governor Walker had failed to pay credits the state owed to oil companies. He stressed that liquid natural gas was cheaper elsewhere and was not a source in Alaska at present.

[1:00:09 PM](#)

~Pamela Brodie, Self, Homer{ testified in favor of the legislation. She believed it was essential for Alaska to receive its fair share from the oil industry. She had been impressed by writings by Robin Brena and the late Governor Jay Hammond. She noted the agreement with the industry long ago had been the state, the federal government, and the oil industry would each receive one-third. She stated that at present the state and federal government were receiving less and the oil industry receive more. She pointed to a recent article by Robin Brena stating there were only three sources of revenues to close the state's deficit - through oil industry taxes, taxes on the people, and use of the PFD. She stated that very little of the money going to the oil industry was spent in Alaska. She emphasized that the

second and third option would have a much worse impact on the state's economy. She stressed if money was taken away from Alaskans it would hurt the economy. She spoke against failing to inflation proof the Permanent Fund.

[1:03:04 PM](#)

~Sydney Deering, UAF Petroleum Engineering Student, Fairbanks{ testified in opposition to the legislation. She stated the bill would harm the economic and development climate in Alaska; it would also decrease the income of energy companies. She believed that companies would leave the state and it would make it difficult for her to get a job in the industry. She referred to the brain drain in Alaska. She wanted to work in Alaska. She spoke to protecting the state's economic development. She asked the committee to oppose the legislation.

[1:05:37 PM](#)

~Alyssa Dordan, UAF Petroleum Engineering Student, Fairbanks{ spoke against the legislation. She stressed that the bill represented the seventh major tax change in 12 years. She believed that continuing to impose limitations through taxation on oil companies would only have a negative impact on investment. She stated that less investment would result in less production. She believed the legislation would impact the state's economy negatively. She explained that the situation would not help jobs grow within the state; it would not encourage high school or college graduates to remain in Alaska.

[1:06:47 PM](#)

~Adam Tiss, UAF Petroleum Engineering Student, Fairbanks{ was opposed to the bill. He wanted to stay in Alaska upon graduation, but he thought it may not be possible if the bill passed. He stated that the bill would decrease job prospects for his graduating class. He reminded the committee that students represented the future of Alaska.

[1:07:25 PM](#)

~Nathaniel Love, UAF Petroleum Engineering Student, Fairbanks{ testified in opposition to the bill. He recognized the state was having budget issues. He did not want to see Alaska be a dead state due to its budget. He

detailed that the majority of the state's revenue currently came from the oil industry. He believed it did not make sense to kill the chicken that was laying the eggs. He asked how the legislature would fix the deficit if the petroleum industry left.

[1:08:34 PM](#)

~Sylvester Smith, UAF Petroleum Engineering Student, Fairbanks{ spoke against the bill. He wanted to remain in Alaska. He believed the state was a beautiful land of opportunity thanks to the oil industry. He did not support further taxation of oil companies. He stated that jobs in the industry were increasingly difficult to come by due to the falling price of oil. He opined that further taxation of oil companies would ultimately harm the ability for people to find jobs in the industry. The bill was not the answer to Alaska's fiscal problems.

[1:09:31 PM](#)

~Cody Keith, UAF Petroleum Engineering Student, Fairbanks{ was opposed to the legislation. He characterized the situation as a symbiotic relationship between the state and the oil industry - the state had a resource, but did not have the means to produce it. He stated that the industry had the means to produce the resource and both the state and industry could both make money if they worked together. He spoke to the high costs of drilling wells in the state. He believed increasing taxation on the oil industry would have negative impacts on the state.

[1:10:55 PM](#)

~Merrick Pierce, Self, Fairbanks{ spoke in support of the legislation, which he believed was a good start. He stressed that the state's oil belonged to the state. At current prices, \$25 million to \$26 million in oil was taken per day and Alaska lost nearly all of that revenue under SB 21. He emphasized that the state's budget deficit could never be fixed unless Alaska received a fair return for its oil. He underscored that the state would never have the ability to honor its long-term pension obligations without a fair return for its oil. He discussed that Alaska was headed for bankruptcy if things did not change. He was concerned that a 5 percent floor was not nearly enough, especially for legacy fields. He appreciated the effort to

reform the interest rate for past due taxes. He recalled that when Hugh Malone had been the commissioner of DOR, the department had worked to fix the interest on past due taxes. He stated that SB 21 had made the system worse.

[1:13:32 PM](#)

~Deantha Crockett, Executive Director, Alaska Miners Association, Big Lake{ spoke against the legislation. The organization believed the state should first look at spending cuts, then it should examine use of the Permanent Fund earnings, and then broad-based taxes if necessary. She stressed that the oil industry was already part of the solution.

[1:14:55 PM](#)

~Moirra Ignle, Self, Chugiak{ testified in support of the bill. She believed that oil companies were doing just fine financially and that Alaskans were not getting enough benefits for their oil. She had read that the current rate paid by oil companies was less than in other locations. She believed the rate in the bill was a start, but that Alaska could get a better deal for its oil. She emphasized that oil was a finite resource. She encouraged planning for the future and working to reduce the state's dependency on oil.

[1:16:21 PM](#)

~Kevin Durling, Self, Anchorage{ spoke in adamant opposition to the bill. He supported the passage of SB 21 in the past. He spoke to a great increase in throughput in TAPS. He addressed comments about the fair share. He stressed that the state did not invest in production and merely reaped the rewards. He spoke to new production resulting from SB 21. He stated the legislature would be responsible for leaving oil in the ground if taxes on the industry were increased. He stated the oil industry had historically paid over 90 percent of the state's budget.

[1:18:45 PM](#)

~Pete Burns, Self, Anchorage{ testified against the bill. He stated that if his mortgage had changed seven times in 12 years he would probably not have a house. He shared that he was not an oil industry advocate, but an advocate for the state and its citizens. He referred to projects in the

Lower 48 and believed they would not make it easy for Alaska to compete on a national or international level. He stressed the state was not competing against the oil companies, but against other states. He reasoned the state could continue to fight the oil companies, but the oil would remain in the ground. He believed there were other ways the state could balance its budget.

[1:20:28 PM](#)

~John Shively, Self, Anchorage{ spoke in opposition to the bill. He shared that he was a former commissioner for the Department of Natural Resources. He spoke against the provision requiring the Department of Natural Resources to preapprove lease expenditures to be carried forward. He believed it would create inefficiency and more work. He was uncertain that the department had the capacity to handle the additional work. He stated it was an extra step for the industry and decisions could be appealed. He noted the existing tax system had increased production and more revenue than the previous system.

[1:22:05 PM](#)

~Stephen Grabacki, Self, Anchorage{ opposed the bill. He urged the legislature to stop moving the goal post for the industry. He stated that avoiding a tax increase would continue to provide the financial incentive for exploration and development. He stated the bill was a short-term solution to a long-term problem.

[1:23:05 PM](#)

~Gene White, Self, Anchorage{ supported the legislation. He believed it was one component to bring in more revenue for the state.

Co-Chair Seaton noted no additional testifiers were signed up. He recognized Representative Jonathan Kreiss-Tomkins in the audience. He addressed the schedule for the following week.

[1:25:20 PM](#)

AT EASE

[1:47:01 PM](#)

RECONVENED

Co-Chair Seaton indicated additional people were online.

1:47:18 PM

~Roselyn Cacy, Self, Anchorage{ supported HB 111. She recalled when SB 21 was up for a vote and people being told that they would lose their jobs. She noted that some people had been supportive of the bill and had still lost their jobs. She thought university students should be concerned that the university would continue to operate, which she believed may not happen if funding was continually reduced. She appreciated the tax credits students could get for up to \$1,000 of refundable tax credits for going to school. She stated that the refundable oil tax credits cost much more than \$1,000. She was concerned about companies receiving the credits and then leaving Alaska. She thanked the committee.

1:49:30 PM

~Joan Johnson, Self, Fairbanks{ spoke in opposition to HB 111. She reported her husband and two sons worked in the Lower 48 in the oil industry. They would like to work in Alaska but could not due to the instability of the oil industry tax system in the state. She stressed that the bill would constitute the seventh tax system change in the past 12 years. She thought the bill was a big mistake and would not encourage investment or result in jobs. She had witnessed increased industry activity as a result of SB 21. She thanked the committee for listening.

1:51:59 PM

~John Halford, UAF Petroleum Engineering Student, Fairbanks{ spoke in opposition to HB 111. He was a chemist and had moved to Alaska five years earlier. He could not find employment so he decided to attend the university and obtain his petroleum engineering degree. He stressed that he would need a job after graduation. He understood that some of the oil credits seemed to be a luxury the state could no longer afford, but the credits would fund some of the marginal projects, which would mean jobs. He understood that the budget needed to be balanced, but he stressed that individuals would need jobs to be contributing citizens. He urged opposition to the bill.

[1:53:51 PM](#)

~Beth Fread, Self, Palmer{ opposed HB 111. She shared that she had witnessed the positive results of SB 21. She worked in the real estate business and recommended that the state needed to be more business friendly. She did not support continued changes to the tax system. She asked the state to no longer attack business in the private sector. She opposed the legislation.

[1:55:53 PM](#)

~Sharon Alden, Self, Fairbanks{ favored HB 111. She did not believe Alaska could afford to subsidize the oil industry any longer. She stated that being business friendly did not mean paying the oil industry to take the oil. She stated that the current system was not sustainable. She realized that for many years the oil industry paid most of the state's budget. She believed it was necessary to be realistic about what type of oil tax structure would benefit the state. She thought the oil industry needed to be able to stand on its own.

[1:58:08 PM](#)

~Tom Patmor, Self, Clam Gulch{ recommended selling the Dalton Highway to the Alaska Permanent Fund Corporation and turning it into a toll road. He detailed it would give the state an estimated \$1 billion to \$2 billion from the fund, but it would not be draining the fund. He explained that as oil and gas exploration continued east and west of Prudhoe Bay, the fund would continue to make more money. He furthered that it would be an addition to raising the oil tax and would save money on road maintenance. He thanked the committee.

[1:59:35 PM](#)

~David Parish, Self, Juneau{ spoke in support of HB 111. He thought it was time for Alaska to receive 33 percent share that former Governor Jay Hammond advocated. He spoke about the current complex tax system. He did not think the oil companies were reinvesting in Alaska. He referred to job loss in the oil industry he had heard about. He suggested that prior to taxing Alaskans and using their PFDs the oil companies needed to pay their fair share.

[2:01:42 PM](#)

}Karla Hart, Self, Juneau{ spoke in favor of HB 111. She thought the current tax structure needed to be replaced with a simple structure. She supported a progressive gross market tax. She spoke to the previous changes to the system in Alaska's Clear and Equitable Share (ACES) and SB 21. She supported a simple, transparent tax structure that did not require the state to hire a multitude of accountants to keep on top of the industry's accounting. She stated that SB 21 had been completely driven by the oil industry. She thought the oil industry's call for stability was disingenuous because it had requested changes to the tax structure over the years. She supported a stable, long-term structure that benefited Alaskans. She urged members to support the legislation.

Co-Chair Seaton appreciated everyone taking their Saturday to listen and to testify. He relayed the agenda for the following meeting on Monday, March 27, 2017 at 1:30 P.M.

HB 111 was HEARD and HELD in committee for further consideration.

#

ADJOURNMENT

[2:04:49 PM](#)

The meeting was adjourned at 2:05 p.m.