

SENATE FINANCE COMMITTEE

May 8, 2018

9:35 a.m.

[9:35:09 AM](#)

CALL TO ORDER

Co-Chair MacKinnon called the Senate Finance Committee meeting to order at 9:40 a.m.

MEMBERS PRESENT

Senator Lyman Hoffman, Co-Chair
Senator Anna MacKinnon, Co-Chair
Senator Click Bishop, Vice-Chair
Senator Peter Micciche
Senator Donny Olson
Senator Gary Stevens
Senator Natasha von Imhof

MEMBERS ABSENT

None

ALSO PRESENT

Tim Mearig, Facilities Manager, Department of Education and Early Development; Representative Neal Foster, Sponsor; Sheldon Fisher, Commissioner, Department of Revenue; Ken Alper, Director, Tax Division, Department of Revenue; Deven Mitchell, Executive Director, Alaska Municipal Bond Bank Authority, Department of Revenue.

PRESENT VIA TELECONFERENCE

Douglas Goe, State Bond Council, Public Finance Department, Orrick; Peter Clinton, ING Capital, New York City; Rebecca Logan, The Alaska Support Industry Alliance, Anchorage; Kara Moriarty, Alaska Oil and Gas Association, Anchorage.

SUMMARY

CSHB 212(RLS)

REAA & SMALL MUNI SCHOOL DISTRICT FUND

SCS CSHB 212(FIN) was REPORTED out of committee with a "do pass" recommendation and with one new

fiscal impact note from the Department of Education and Early Development.

CSHB 331(FIN)

TAX CREDIT CERT. BOND CORP; ROYALTIES

CSHB 331(FIN) was HEARD and HELD in committee for further consideration.

#hb212

CS FOR HOUSE BILL NO. 212(RLS)

"An Act relating to funding for school construction and major maintenance; relating to the regional educational attendance area and small municipal school district fund; and providing for an effective date."

9:36:01 AM

Co-Chair MacKinnon read the title of the bill.

9:36:15 AM

AT EASE

9:36:40 AM

RECONVENED

Vice-Chair Bishop MOVED to ADOPT proposed committee substitute for CSHB 212(FIN), Work Draft 30-LS0741\E (Laffen, 5/7/18). There being NO OBJECTION, it was so ordered.

Co-Chair MacKinnon noted that the Committee Substitute (CS) included an amendment that had been proposed the previous day.

Co-Chair MacKinnon directed attention to a new fiscal note from the Department of Education and Early Development, OMB Component 2737. The fiscal note showed an appropriation of \$323,000 in FY 19; \$24,000 in FY 20; and \$15,000 in FY 21 through FY 24. The fiscal note was in response to the addition of standardization of energy components that were discussed the previous day.

TIM MEARIG, FACILITIES MANAGER, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT, stated that the fiscal note identified elements in the bill that had been worked on by the Bond

Reimbursement and Grant Review Committee and a report to the legislature dated December 2017. He directed attention to Section 4 of the bill, which reflected the cost for the need for expertise for analysis and consulting pertaining to energy and standards systems research. The cost totaled \$295,015; \$1000 of which was an annual update.

Mr. Mearig continued, and noted that Sections 1 through 3 had costs associated with the implementation of elements related to the re-use of school design. There would be regulations associated with the model school standard. He stated that travel costs for the review committee were anticipated for two meetings in the first two years and included in the fiscal note.

Vice-Chair Bishop commented that there could be cost savings through inquiring about the University of Alaska Fairbanks housing.

[9:40:55 AM](#)

REPRESENTATIVE NEAL FOSTER, SPONSOR, indicated he was supportive of the changes to the bill. He reflected that the changes would add major maintenance to the Regional Educational Attendance Area School Construction Fund, in addition to new school construction. He thought the bill was a good way to keep costs down through preventative maintenance.

Senator Micciche reflected on the potential savings from the bill, and thought it was a worthwhile investment, and would hopefully be a model for school construction in the future.

Vice-Chair Bishop MOVED to report SCS CSHB 212(FIN) out of Committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

SCS CSHB 212(FIN) was REPORTED out of committee with a "do pass" recommendation and with one new fiscal impact note from the Department of Education and Early Development.

[9:42:45 AM](#)

AT EASE

[9:46:12 AM](#)

RECONVENED

#hb331

CS FOR HOUSE BILL NO. 331(FIN)

"An Act establishing the Alaska Tax Credit Certificate Bond Corporation; relating to the issuance of bonds by the Alaska Tax Credit Certificate Bond Corporation; relating to purchases of tax credit certificates and refunds and payments of tax credits; relating to the oil and gas tax credit fund; relating to overriding royalty interest agreements; providing for an effective date by repealing the effective date of secs. 2, 5, 8, 10, 31, 37, and 40, ch. 3, SSSLA 2017; and providing for an effective date."

9:46:12 AM

Co-Chair MacKinnon directed attention to the bill.

SHELDON FISHER, COMMISSIONER, DEPARTMENT OF REVENUE, stated he would present HB 331 and provide context. He mentioned the companion bill that had been introduced by the governor. He discussed the presentation "State of Alaska Department of Revenue - HB331: Oil & Gas Tax Credit Bonds," (copy on file).

Commissioner Fisher showed slide 2, "Bill Objective #1: Critical component to Governor's economic stimulus package":

From 2015 - 2017, private sector jobs are down ~3.8% (9,200 jobs.)

- Oil and Gas industry jobs are down ~30.8%
- For 2018, ISER forecasts year over year losses of an additional 0.7%

This bill will both provide an initial boost of funding and resolve the uncertainty surrounding these payments.

- Provide \$700 million or more economic stimulus in 2018 to the oil and gas sector
- Resolve the uncertainty hanging over this sector and allow small producers to plan
 - Seeks to unfreeze Alaska credit markets
 - Seeks to incentivize new spending in Alaska
 - This could mean substantial numbers of new jobs

[9:49:17 AM](#)

Commissioner Fisher turned to slide 3, "Bill is Structured to Balance Competing Interests":

The Balance:

- The Credit holders to pay for the cost of the borrowing
- Provides Small Producers certainty and cash they need to invest
- Maintains the state's credibility by acknowledging our part in creating this situation

State Fiscal Budget

- Forecasted FY 19 deficit of ~\$300M after PF Draw
- Deficit increases \$155M without this program

Maintain State Credibility Support Small Producers

- The state encouraged investment based on promises of support

Support Small Producers

- Strategic interest in maintaining small producers
- Bank lending has essentially stopped

Commissioner Fisher noted that the credit program was initiated in part by the legislature, in part to attract smaller producers to the state to increase production and competition. The slide also showed an excerpt of a promotional brochure used by DOR at oil industry conferences.

[9:51:11 AM](#)

Commissioner Fisher reviewed slide 4, "Oil & Gas Tax Credit Background":

2003: First oil & gas tax credits created to incentivize new exploration.
Credits could only offset the company's taxes

2006: Transferable tax credits introduced with transition to profits-based tax
New credits for capital expenditures and operating losses expanded incentives to include small field developers
State repurchases authorized, with caps and limits

2007: Oil & Gas Tax Credit Fund established, with statutory formula tied to production tax revenue. Annual per-company caps eliminated

2010: Cook Inlet Recovery Act incentivized new production to offset gas shortages in Southcentral. New incentive tied to drilling costs
Because of minimal Cook Inlet taxes, credits were not expected to be supported by new revenues

2013: SB 21 eliminated capital credit on North Slope, replaced with per-barrel credit tied to price and production

2016-17 HB247 and HB111 wind down cashable credit programs

Commissioner Fisher summarized that the repurchase being contemplated was based on addressing historical credits that had been earned prior to 2017. He thought there was a general consensus that the state owed the amounts, and the bill was an intent to address the matter in a comprehensive way that was beneficial to all parties.

[9:52:24 AM](#)

Commissioner Fisher showed slide 5, "Oil & Gas Tax Credit Background":

Oil & Gas Tax Credits Have Helped Heat Alaskans' Homes

- Incentivized Hilcorp to take over aging Cook Inlet assets and extend field life
- Brought new companies into Alaska, (Bluecrest, Furie, etc.) to look for gas
- Southcentral gas supply shortage essentially solved
- Threat of brown-outs gone
- Protected energy security of tens of thousands of Alaskans

Oil & Gas Tax Credits Have Created Potential for More Production

- New fields potentially mean new oil: Pikka, Nuna
- Governor's economic stimulus goal
 - More revenue from production equals

- o New jobs, new royalties, new revenues for schools and government services
- o Economic ripple effect

9:53:20 AM

Commissioner Fisher discussed slide 6, "Oil & Gas Tax Credit Background: The Challenge":

- Historically (FY08-15), the State paid tax credits annually as presented
 - o FY16-FY18 state unable to pay all pending tax credits
 - o FY2016 veto set total payment at \$500 million
 - o FY2017-18 appropriations at statutory calculation (\$30 million & \$77 million)
- The O&G Tax Credit Fund statute (AS 43.55.028) sets out a formula for computing the appropriation to the fund for cash payment of tax credits
 - o The formula is based on a percentage of the profits tax calculation (AS 43.55.011) before application of credits, based on the projected oil price for the coming year
 - At a projected price of \$60 or higher, the statutory formula is 10% of the tax calculation
 - At a projected price of less than \$60, the statutory formula is 15% of the tax calculation
 - o Most recent FY19 forecast, per the Spring RSB Update, is \$63/bbl

Commissioner Fisher mentioned the nuance that the statutory formula had a hinge at \$60/bbl oil price. If the projected price was above, //

9:55:11 AM

Commissioner Fisher displayed slide 7, "Oil & Gas Tax Credit Background: The Challenge":

Annual statutory appropriation schedule per Spring forecast

Estimated Statutory
Payment (\$mm)

FY19 FY20 FY21 FY22 FY23 FY24
\$184 \$168 \$168 \$167 \$170 \$89*

(note: based on credits held to-date, all will be paid by FY2023; *final forecasted credits in FY2024)

- Impact of reducing payments to the Statutory Formula
 - Exploration and development in some cases halted
 - Some banks have frozen supply of further credit for Alaska oil and gas exploration
- Reduction below this figure without passage of a replacement program such as in this bill could further depress development

[9:57:05 AM](#)

Commissioner Fisher reviewed slide 8, "Proposed Solution: Issue Bonds and use proceeds to pay off Tax Credits - Credit holders cover the cost of borrowing by accepting a discount on credits":

Example: Assume Credit holder has \$100M in Credits: \$50 million issued in 2016 + \$50 million issued in 2017

Program offers two alternative discount rates

- 5.1% represents the State's cost of borrowing
 - Estimated 3.6% Total Interest Cost +1.5%
- 10% is mid-point between State's cost of borrowing and the credit holder's Weighted Average Cost of Capital (WACC)

10% is the Base Rate. To qualify for the lower rate, the Credit Holder must:

- Agree to an Overriding Royalty Interest (ORRI)
- Commit to reinvest the money in Alaska within 24 months
- Agree to early waiver of confidential seismic data, or
- Have Refinery or Gas Storage Credits

The Discount is applied to each year of payments starting in Year 2

Co-Chair MacKinnon handed the gavel to Co-Chair Hoffman.

[10:00:26 AM](#)

Senator von Imhof asked if the four bullet points on slide 8 were an "or" scenario rather than an "and" scenario.

Commissioner Fisher confirmed that the bullets were alternatives.

Senator von Imhof asked if the Commissioner Fisher had a chance to discuss //

Department of Revenue considered that the department had worked through the mechanics to address // He thought that the majority //

10:02:00 AM

Commissioner Fisher showed slide 9, "Proposed Solution: Issue Bonds and use proceeds to pay off Tax Credits - Credit holders cover the cost of borrowing by accepting a discount on credits":

COMPANY X Tax Credits: Potential Impact of HB331/SB176
REVISED April 2018 - appropriation schedule per Spring
forecast
Total certificates in "2016" basket \$50,000,000
Total certificates in "2017" basket \$50,000,000
Total conditional 2017 certificates \$0
Total \$100,000,000

At the forecasted oil price and resulting statutory formula, this theoretical company would expect to receive all their credit payments over five years. Participating in the bond program would cost them between 8.5% and 15.2% of face value.

The slide also showed a table entitled 'Anticipated Prorated Payments and Estimated Discounted Value.'

Commissioner Fisher explained that slide 9 had showed a fictitious company that // He drew attention to //

Commissioner Fisher noted that the greater amount of time //

Co-Chair Hoffman handed the gavel back to Co-Chair MacKinnon.

10:05:40 AM

Senator von Imhof thought slide 9 was helpful. She asked about cash flow, and asked if the bill offered credit holders a lump sum. //

Commissioner Fisher stated that the way the bill was structured, it was an option to have a lump sum. He had communicated a fair amount with credit-holders over the previous 90 days, and had highlighted the options as well as a personalized estimates of what the // He relayed that no credit-holders had expressed an interest in not participating in the proposed program.

Commissioner Fisher continued addressing Senator von Imhof's question. He pondered the question of how much the state should be appropriating. He believed the department had aggressively asked companies, and ///

[10:08:21 AM](#)

Senator von Imhof asked if it was an option to take a lump sum or payments over time. She wondered if the bonds were sold //

Commissioner Fisher stated that subsequent slides and Mr. Alper would delve in to the matter further. He explained that the passage of the bill would result in the department //

KEN ALPER, DIRECTOR, TAX DIVISION, DEPARTMENT OF REVENUE, looked at the column on the left of slide 9, which was // He informed that //

[10:10:05 AM](#)

Senator Micciche considered that the tax credit liability was a zero-interest debt, and the bill would allow for // He checked for understanding.

Commissioner Fisher thought the description was fair, but stated that the cash-back would cover interest in the future. He stated that the bill was not designed to benefit the state monetarily, but did not // The program was designed to keep the state control and allow companies to //

Senator Micciche thought that the program provided pay-back to companies at a lower rate than could be borrowed, and // He wanted to clarify that the discount covered the interest, and also //

Commissioner Fisher concurred.

[10:12:36 AM](#)

Commissioner Fisher showed slide 10, "What the Bill Does":

Five Essential Parts of HB331:

1. Creates the Alaska Tax Credit Certificate Bond Corporation, with various powers and authorities defined
2. Amends existing provisions of the tax credit fund, AS 43.55.028, to conform the existing program with the new bonding alternative
3. Creates new subsections in AS 43.55.028 to establish the process for offering, valuing, discounting, and purchasing credit certificates
4. Authorizes the Department of Natural Resources to negotiate overriding royalty interests (ORRIs) as a mechanism to obtain a reduced discount rate
5. Repeals the delayed sunset of the tax credit fund itself, so as to avoid complex conforming language in the future. This does not change the elimination of new cashable tax credits

Commissioner Fisher stated that slide 10 was intended to be a concise bill analysis.

Mr. Alper stated that the slide was intended to be a sectional analysis for the bill. // He used the example of a // The bond payments were exempted //

Mr. Alper continued his remarks on slide

[10:15:17 AM](#)

Vice-Chair Bishop could not find a timeline // He wondered //

Mr. Alper stated that the negotiation was not explicit in the bill, and it was expected that //

Senator Micciche thought the different deals could be negotiated //

Mr. Alper answered in the affirmative, and added that DOR would be expected to calculate a risk factor //

Mr. Alper continued to address slide 10, and //

10:17:52 AM

Senator Micciche asked to go back to slide 9, and observed the credits // He asked if there was value assumed to the state //

Mr. Alper thought it was important that to the extent that credits were sold to major producers, // The state would continue to // The program would put a floor under the value. A company distress //

Senator Micciche pointed out that the value to the state was likely //

Commissioner Fisher agreed with Senator Micciche's suggestion. He stated that one of the features of the bill was that a credit-holder had to // There were a number of features //

10:20:22 AM

Commissioner Fisher addressed slide 11, "Proposed Solution: Issue Bonds and use proceeds to pay off Tax Credits - Credit holders cover the cost of borrowing by accepting a discount on credits":

- Step 1: Secure commitment from Credit Holders to participate in Program.
 - Provide definitive statement of proceeds available under the program.
 - Interested credit holders make irrevocable commitment.
- Step 2: Issue Bonds
 - First issuance (for existing certificates):
 - o Face Value: \$807mm (for the purposes of this analysis, we are assuming no credits will be sold to major producers to offset taxes)
 - o Bond Issuance: \$683mm-\$738mm, could be issued as soon as August 2018

- Future issuances, for anticipated certificates
 - Face Value: \$130-180mm (est.), issued in August 2019-August 2021

[10:21:30 AM](#)

Commissioner Fisher spoke to slide 12, "Proposed Solution: Issue Bonds and use proceeds to pay off Tax Credits - Credit holders cover the cost of borrowing by accepting a discount on credits":

Step 3: Purchase Tax Certificates at Fair Discount Rate

Two options: 10% discount rate or discount rate equal to state cost of capital (approx. 5.1%)

- Option 1: 10% rate - no strings attached
 - Balances State's and credit holders' interests
 - Greater than State's cost of capital, less than tax credit holders' cost of capital
 - Covers State's costs of financing
- Option 2: 5.1% rate (approx.-State's cost of capital) - strings attached
 - Tax credit holder can get lower discount rate (less discount from face value) in exchange for any one of four options:
 1. Overriding royalty of equivalent value
 2. Investment commitment of equivalent value within 24 months
 3. Waiver of seismic data confidentiality waiver, or
 4. Refinery / gas storage credit

[10:21:43 AM](#)

Commissioner Fisher addressed slide 13, "Proposed Solution: Issue Bonds and use proceeds to pay off Tax Credits - Credit holders cover the cost of borrowing by accepting a discount on credits":

Step 4: Discount Covers State's Bonding Costs

Bond terms are not described in bill, but current our thinking is:

- 10 year term for each bond issue
- All-in Cost of Funds (estimated) is 3.6%

- Back-loaded debt service to match projected profile of state revenues
- For initial bond issue, years 1-2 interest only; years 3-5 year increasing debt service; years 6-10 flat payment to fully pay off debt
- For subsequent bond issues, years 1-9 interest only with balloon payment in year 10. These will be comparably smaller issues
- Objective with each purchase option is cost equivalency:
Present Value (PV) of total debt service will be equal to or less than PV of appropriations under the statutory payment formula

Commissioner Fisher stated that the terms on the bottom of the slide were not defined in the bill, but //

[10:22:34 AM](#)

Commissioner Fisher spoke to slide 14, "Major Changes Made in the House":

- 45-day time limit for constitutional challenges to the bond program
- Reduce calculation of future appropriations to the tax credit fund, and expectation of future payments, to companies who do not participate in the bond program
- Additional conditions and information related to the "reinvestment" provision as a mechanism to obtain the lower discount rate
 - Maximize Alaska hire and use of Alaska contractors
 - Move project towards production
 - "Clawback" of incremental payment if investment targets not met
- Repeal of delayed sunset of "028" fund and conforming changes, which was by HB111 set to repeal after the last credit is paid
- Stylistic rewrite due to first CS of governor's bill (LAW to Leg Legal)

Commissioner Fisher //

Mr. Alper added that the intent of the //

[10:26:45 AM](#)

Commissioner Fisher presented slide 15, "Benefits of Program: Move cost into periods where state revenues match cash flow," which showed a table entitled 'State of Alaska Debt Service as a Percentage of Unrestricted General Fund Revenues.' He drew attention to // He pointed out the total payment was \$946 million. The total payment under the bill would be a little over \$1 billion, including //

Co-Chair MacKinnon referenced the // She observed that the // She asked if the commissioner had run similar models //

Commissioner Fisher stated that the department had considered a series of alternatives that it could show the committee. He //

[10:29:29 AM](#)

Commissioner Fisher thought one of the benefits of the bill was four or so years with moderate payments, during which the state could work on the state's fiscal challenges. He thought the // The bill also shifted payments into years when there was an expectation of greater production. He thought it was a greater like //

Co-Chair MacKinnon appreciated the commissioner's explanation of timing of the payments. She noted that there would also be a spike in the actuarial //

[10:30:56 AM](#)

Senator von Imhof expressed concern that the 10-year amortization seemed long. She thought that there was merit to the // She thought paying more up front was more fiscally prudent. She considered that shortening the term by two or three years would //

Mr. Alper clarified that the structure of the bonds were not hard-coded in the bill, but rather were structured // He reminded that there needed to be control of the //

Vice-Chair Bishop stated that there was nothing in the bill that prevents //

[10:32:42 AM](#)

Senator Micciche asked if the assumptions on slide //

Commissioner Fisher turned to slide 15, and stated that //

Mr. Alper noted that slide 15 [NOT SURE WHERE THESE 3 LINES GO, THEY GOT MOVED INADVERTANTLY!:(]

Commissioner Fisher jumped to slide 17, "Impact on debt capacity and credit rating," which showed a table that depicted debt capacity. He drew attention to the far left // He referenced Co-Chair MacKinnon's comments on PERS and TRS. He noted that all of the figures //

Commissioner Fisher continued to address slide 17, noting that // Under the structure of the bill, there // He emphasized that he would be amendable to changing the structure of the bill depending upon the wishes of the legislature. He asserted that the structure flattened the obligation of the state, which was part of the logic behind the structure of the bill. He would be pleased to receive guidance from the legislature.

10:35:35 AM

Co-Chair MacKinnon observed that //

Vice-Chair Bishop thought the //

Co-Chair MacKinnon informed that CCS // with a POMV draw had just passed from Conference Committee. She thought that it would be nice to see the slide //

Co-Chair MacKinnon //

10:37:05 AM

DEVEN MITCHELL, EXECUTIVE DIRECTOR, ALASKA MUNICIPAL BOND BANK AUTHORITY, DEPARTMENT OF REVENUE, stated that the policy of the Alaska Municipal Bond Bank Authority was that //

Mr. Mitchell continued to address Co-Chair MacKinnon's question. He suggested that the // He noted that the department had been noting the debt affordability of PERS/TRS in its analysis, but had not considered the debt affordability of //

Mr. Mitchell stated that as the state considered using other sources of revenue, it should provide more stability to annual revenue. It had been his position that the // He thought incorporating //

Co-Chair MacKinnon thought it was positive news that //

[10:40:19 AM](#)

Mr. Alper addressed slide 18, "Fiscal Note Discussion":

The Department of Revenue has three separate Fiscal Note for HB331

- OMB Component 121: Appropriates annual agent fees of \$2,500 to the Treasury Division beginning in FY2020 (UGF)
- OMB Component 3211: Appropriates estimated FY2019 debt service payment for bond program (\$27 million UGF)
- OMB Component 123: Appropriates estimated FY2019 bond proceeds to the Commissioner of Revenue to purchase outstanding tax credits at a discounted value (\$737.9 million DGF; new fund code 1253)
- The numbers in the second and third Notes are based on assumptions:
 - All \$807 million in certificates outstanding on 1/1/18 participate in the program
 - All achieve the reduced discount rate of 5.1%, maximizing the payout
- No expected regulations, no recurring staff or operating costs

Mr. Alper //

[10:41:59 AM](#)

Commissioner Fisher showed slide 19, "Conclusion: Oil & Gas Tax Credit Solution":

Governor's economic stimulus: We expect substantial reinvestment in Alaskan projects

Support Small Producers - Unfreeze pending development projects

- Current bank financing to fields generating tax credits is frozen in some cases
- Need to pay off credits so projects under development can be completed

- State has a strategic interest in maintaining viability of small producers as it increases competition in the basin
 - Need to Re-establish Alaska as a Premier O&G E&P Basin
 - Alaska has reputational issues re: oil and gas exploration and development that need to be addressed now
 - Alaska is highly prospective
 - Alaska is a stable environment in which long-term projects can be mutually successful
- More Revenue from Production is the Goal
- Future royalties equals: jobs, funding for schools and gov't services, economic growth
- Move cost into periods that match cash flow
- A healthy and growing Alaska economy benefits all Alaskans!

[10:43:16 AM](#)

Co-Chair MacKinnon stated that there had been a questions as to the constitutionality of the bill //

DOUGLAS GOE, STATE BOND COUNCIL, PUBLIC FINANCE DEPARTMENT, ORRICK (via teleconference), offered that his office // He referenced the // He considered that as the court had considered constitutional debt. The majority of the cases were very clear, and Alaska's case was //

Mr. Goe informed that there were two cases that // He considered if the debt was subject to the legislature to appropriate the debt. He // The vast majority of Supreme Courts // A second category was often referred to as revenue debt or // If the debt was payable from a particular revenue source and there was otherwise no recourse to the GF of the state, it was an exception.

Mr. Goe opined that the bill was carefully crafted and constitutional. // He was prepared to say that if the bill was adopted by the legislature //

[10:48:47 AM](#)

Mr. Goe considered the element in the bill that put a 45-day period on any challenges to the bill. He thought it was important for the state to be able to manage its fiscal affairs and //

[10:49:48 AM](#)

PETER CLINTON, ING CAPITAL, NEW YORK CITY (via teleconference), stated that ING Capital had been a financier of many tax credits over the //

Mr. Clinton thought the bill to a certain extent was very consistent with // He stated that ING Capital had several large corporate relationships in Alaska, and //

[10:52:36 AM](#)

Mr. Clinton continued his remarks, and thought it was not unusual to //

Mr. Clinton added that // He thought it was a preferable outcome to //

[10:56:22 AM](#)

Mr. Clinton wanted to make it clear that the process was a professional approach to the problem that he had seen many times in the industry. //

[10:57:20 AM](#)

REBECCA LOGAN, THE ALASKA SUPPORT INDUSTRY ALLIANCE, ANCHORAGE (via teleconference), testified // She read from a letter authored by the AHTNA Corporation, and from // (copy on file ????) //

[10:59:53 AM](#)

KARA MORIARTY, ALASKA OIL AND GAS ASSOCIATION, ANCHORAGE (via teleconference), testified in support of the bill. She noted that the association was // She stated that her comments were reflective of the entire membership // She thought there had been negative impacts // She believed the state should honor all outstanding tax credits // She thought the bill was an innovative approach to repaying credits through a bonding mechanism. She thought the bill would provide a level of certainty for members and //

[11:02:44 AM](#)

Co-Chair MacKinnon discussed the schedule for the afternoon.

11:03:30 AM

Commissioner Fisher expressed appreciation for the committee and the legislature for its consideration of the bill. He thought the bill was //

Co-Chair MacKinnon stated that the Senate had followed the progress of the bill in the other body.

CSHB 331(FIN) was HEARD and HELD in committee for further consideration.

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ADJOURNMENT

11:04:45 AM

The meeting was adjourned at 11:04 a.m.