

**ALASKA STATE LEGISLATURE
LEGISLATIVE COUNCIL
FEBRUARY 25, 2020
9:00 AM**

MEMBERS PRESENT

Senator Gary Stevens, Chair
Representative Louise Stutes, Vice Chair
Senator Tom Begich
Senator John Coghill
Senator Cathy Giessel
Senator Lyman Hoffman
Senator Bert Stedman
Senator Natasha von Imhof
Representative Bryce Edgmon
Representative Neal Foster
Representative DeLena Johnson
Representative Jennifer Johnston
Representative Steve Thompson

MEMBERS ABSENT

Representative Chuck Kopp

OTHER MEMBERS PRESENT

Senators Bishop, Kiehl, Olson, Wielechowski, Representative Hopkins

AGENDA

Call to Order
Oil & Gas Initiative Hearing per AS 24.05.186
Adjourn

SPEAKER REGISTER

Cori Mills, Attorney, Department of Law
Megan Wallace, Director, Legal Services, Legislative Affairs Agency
Emily Nauman, Deputy Director, Legal Services, Legislative Affairs Agency
Mike Barnhill, Deputy Commissioner, Department of Revenue
Colleen Glover, Tax Division Director, Department of Revenue

9:00:18 AM

I. CALL TO ORDER

CHAIR STEVENS: called the Legislative Council meeting to order at 9:00am in the State Capitol's Senate Finance Committee Room. We have Statute 24.05.186 that requires the Legislature to hold a hearing on any proposed initiative, and that's the purpose of this meeting today, to satisfy that requirement.

Several individuals have been asked to present at this meeting: Department of Law, Department of Revenue, Legislative Counsel. From Department of Law, it will be Cori Mills; from Legislative Counsel, it will be Megan Wallace, Emily Nauman; and also Department of Revenue may be joining us with Colleen Glover and Mike Barnhill.

CHAIR STEVENS requested a roll call vote. Present at the call were: Senators Begich, Coghill, Giessel, Hoffman, Stedman, Stevens, von Imhof; Representatives Edgmon, Foster, Johnson, Johnston, Thompson, Stutes. Representative Kopp was absent. 13 members present.

CHAIR STEVENS: We have a quorum to conduct business. Thank you all for being here. Let's go ahead with our hearing today. We'll begin with Cori Mills, Department of Law. Cori, if you'd come forward. Thank you for being with us. She'll start the discussion, and we appreciate your presentation. If you'd give your name for the record, please.

II. OIL & GAS INITIATIVE HEARING

MS. MILLS: Yes. Good morning, everyone. Cori Mills,

Assistant Attorney General from the Department of Law.

And just to start off, a few ground rules, I guess, from our perspective. I have been asked to go over process, what the initiative process entails, especially from this point forward for this particular initiative, 19OGTX, as identified by the Division of Elections.

I won't be doing the substantive discussion of the initiative, and that's, in part, because we're in litigation and, in part, because the executive branch does have some restrictions on discussing initiatives. Legislative Legal will be giving that presentation. So if you have any of those questions, I would refer you to them. We do have an --

CHAIR STEVENS: Sorry, but before we start, if there are any questions that come up along the way, please raise your hand, and I'll try and make sure you're allowed to ask those questions. Cori, please go ahead.

MS. MILLS: Yes. But we do put out an attorney general opinion on every initiative that is on our website. I also have a copy if anybody wants it.

The one thing I would note, just because I get this question quite often, is when we do a review of an initiative, it's pre-enactment. And similar to legislation, the courts don't look at legislation pre-enactment and really determine its constitutionality or legal issues. It waits until enactment. It does the same thing with initiatives with some exceptions. There are some restricted subjects that initiatives can't cover. Those are -- in the Constitution appropriations, for example, is one of those.

And then the other thing that the court has said is if an initiative is clearly unconstitutional under existing authority. So we look is there a prior case that has

already had this exact subject on this and the exact means used has already been deemed unconstitutional? That's the other circumstance in which we will recommend not certifying an initiative.

In the case of 190GTX, the oil and gas initiative, we did not find that any of those exceptions were met, so we recommended certification. And it was certified by the lieutenant governor, and the petition has been circulated.

Now I'm going to kind of go from where we're at in the initiative process now. And I did provide an outline that I hope all of you have.

So petition certification. The petition was certified back in October, and they gathered signatures and turned those signatures in on January 17th. So at this point, the Division of Elections and the lieutenant governor have 60 days to review those signatures and determine whether they meet the qualifications in the Constitution.

And the -- I provided the constitutional language, but the language and short of it is you have to have qualified voters equal to 10 percent in terms of the signatures, and then you have to have residents in at least 30 of the 40 districts, House districts represented, and on top of that, you have to have 7 percent from each of those 30 districts. So you have an overall 10 percent -- that's the 28,000-around-500 requirement we have right now -- and then you have to have 7 percent from each of the 30 districts.

So there are -- you have to look at both of those requirements when you're looking at whether they've met the qualifications. So, like I said, the total this year is 28,501 to meet that minimum 10 percent requirement. So if the petition is certified, it has enough signatures, then the lieutenant governor notifies the sponsors and prepares a ballot proposition. And at that point the whole Division

of Elections machine starts working on translating that ballot into the different languages it has and making sure we have a ballot summary and all of that. So, like I said, it will be March 17th. We'll know by March 17th whether the petition is certified or whether it's not certified.

And then some people ask about the ballot measure number as well. You know, will we know the ballot measure number? That doesn't happen until the Legislature adjourns, and that's partly because of the next issue, which is that the Legislature can void a petition through enactment of substantially the same measure, and that's Article XI, Section 4.

And this determination is made by the lieutenant governor. There's a statute that kind of delegates this decision to the lieutenant governor with the concurrence of the attorney general. It's one of the few statutes where the attorney general is directly mentioned.

And so what the Department of Law does, if the Legislature enacts something that may look substantially similar, is we engage in an attorney general opinion, similar to when the initiative first came forward, but we look at the enacted law that the Legislature passed, and we look at the initiative and we compare them to determine whether we believe they're substantially similar. And we advise the lieutenant governor on that, and that becomes a formal attorney general opinion.

Like I said, the timing occurs after enactment, so we don't predetermine. We don't look at different versions of a bill. We wait until the governor has either signed the bill or it has become law without signature.

CHAIR STEVENS: Ms. Mills, before you go on, would you explain the issue of -- on March 17th is the date at which it's certified. And we've been getting reports of the

numbers of signatures, and it's a little confusing because it says we're not -- they're not there, but the truth is, we're only looking at a point in time. Could you just bring us up to date on how that operates?

MS. MILLS: Yes. And so the Division of Elections is very kind of open and public with their process. And so every day they post the updated numbers for how many signatures they've reviewed and how many have qualified and in how many districts, and it's a one-page report.

I believe in this case -- I can't remember the exact number -- but over 40,000 signatures were turned in. And I looked at the report this morning, and I believe the review has occurred on 27,000 of those. So you're still looking at about 13,000-plus that haven't even been reviewed yet. So when you look at that report online, it is not the final until we get to March 17th and you see the total numbers and you have certification.

CHAIR STEVENS: So 13,000 have not been verified --

MS. MILLS: Yes, 13,000.

CHAIR STEVENS: And just a moment, please. Mr. Speaker.

SPEAKER EDGMON: Yes. Good morning, Cori. So on the question of substantially similar, the Department of Law couldn't opine on that -- I think you've been very clear -- until after March 17th. How long would it take the department to conduct their review? And I guess the context is, if the Legislature were to engage in attempting to pass a bill that was substantially similar, can you give me some sort of context, some sense of timing here?

MS. MILLS: Yes. I'm happy to do that, through the Chair. It's -- we don't do it until enactment, but that doesn't mean we're not looking at it. I mean, I'll be honest there, right? We watch the process.

Once enactment happens, we try to get that opinion out quickly. You know, with initiatives on the front end, we have 60 days. But in this case, we realize an election is coming up. I believe the last one, if you look at the timing -- and the last one I'm aware of is HB 44 that was passed on the legislative ethics, and that initiative, that occurred in a week. So the opinion came out a week after enactment.

I would imagine -- I can't promise we'd act that quickly, but we would do it in a very timely manner to make sure everyone knows what is going on the ballot and what is not.

CHAIR STEVENS: Thank you, Mr. Speaker.

SPEAKER EDGMON: Thank you.

CHAIR STEVENS: Senator Begich.

SENATOR BEGICH: Thank you. Cori, just following up on that, if I might. When that review is conducted, who would be conducting that review?

MS. MILLS: So, through the Chair, Senator Begich, as the elections attorney, I would definitely be involved, but I will say that attorney general opinions go through a pretty thorough vetting with kind of a team approach, and ultimately the attorney general does the final review of those.

SENATOR BEGICH: Brief follow-up?

CHAIR STEVENS: Please continue, Senator Begich.

SENATOR BEGICH: Thank you, Mr. Chairman. And would you use outside counsel as well in that review, or would that be strictly internal?

MS. MILLS: Through the Chair, Senator Begich, it's normally internal. You know, circumstances would depend on whether we'd use outside counsel. I don't want to say we absolutely never do, but most of that is done internally.

And part of that is just the swiftness with which it has to occur and the statute requires the attorney general's concurrence, so the attorney general has to be involved.

CHAIR STEVENS: Thank you. Mr. Speaker, comment?

SPEAKER EDGMON: Yes. Not to belabor this point, and thank you for taking the questions. But the issue of substantially similar, as best as I know today as a layperson as it applies to this particular issue, seems to be a fairly wide-open question, if I could put it that way. I mean, the review that's going to take place, you know, is -- I mean, I think you've got plenty of discretion, or I guess maybe if I were to put this in the form of a question, would any proceedings in the Legislature relative to hearings on this issue affect your -- the possible outcome of the department's opinion?

MS. MILLS: Through the Chair, Speaker Edgmon, what I'd like to do is actually go over the standard really quickly. I think that gives a good foundation, and then I'll address your question during that discussion, if that's okay.

SPEAKER EDGMON: Thank you.

CHAIR STEVENS: That's fine. Okay. Thank you so much. Please continue then.

MS. MILLS: So going to the standard -- and I put on your handout kind of the two main cases we have here: Warren vs. Boucher and State vs. Trust the People. And if I were to summarize the test that the court applies, you look at scope, you look at purpose, and you look at means. Those are the three inquiries.

And the first inquiry on scope, the court must determine the scope of the subject matter and afford the Legislature greater or lesser latitude, depending on whether the subject matter is broad or narrow.

So you really have to start there, because the court says, "If it is a really complex, broad law, we're going to give the Legislature more leeway. If it has a very narrow purpose, it's very restricted, you know, it's got one provision that it's trying enact, the Legislature is going to have less discretion."

And then you move to the purpose. The court must consider whether the general purpose of the legislation is the same as the general purpose of the initiative.

And one of the phrases in the -- and I think it's the Warren court talks about is it a hollow gesture? Is the Legislature engaging in a hollow gesture to bypass the people's initiative power?

So moving to Speaker Edgmon's question, I think the legislative record could be used in a case to either support or negate that, depending on whose side you're on. So statements made by the Legislature in the process I think could become part of that record in that court case.

CHAIR STEVENS: Could you give us an example of a hollow gesture?

MS. MILLS: Well, what I can really do is point you to the case that found that the Legislature did not appropriately enact a substantially the same measure, and that was State vs. Trust the People.

And in that case, the initiative -- the whole purpose of the initiative, according to the court, was to eliminate the governor's ability to temporarily or permanently appoint a Senate appointment, a congressional Senate appointment. The Legislature enacted a special election for -- to fill a senator vacancy, but they still allowed the governor a short appointment period to make sure that district was represented.

And the court said, "That doesn't do it." "It

just" -- "the purpose of the initiative was to eliminate that power." And so the Legislature did not enact substantially the same measure. It's not the same purpose. Even though it may have been a shorter appointment period than previously, that was not enough. It needed to be eliminated in order to fulfill that.

But, again, I'd point to in the Warren vs. Boucher case, they were talking about creating campaign finance reform. I mean, we're basically talking about the origins of APOC, not, you know, it changed over time.

But there the court didn't have a problem with, you know, many differences in the two, creating higher limits in the initiative, whereas the -- or higher limits in the legislation, whereas there were lower campaign finance limits in the initiative, very strictly regulating media buys by candidates, and the legislative enactment ended up not touching that at all.

So, but the court said, "This is very broad, and if you look at the general purpose, there's nothing showing us that we're trying to bypass the people's power. The Legislature is just using its discretion just like it would to amend an initiative after the fact." And the court really drew on that to say, "We think this is substantially similar even if some of these intricacies and exact numbers are different."

So those are the two cases we have. And so any time we have an enactment that comes before us, as the Department of Law, we have to look at those two cases, which kind of give the extremes, right? Look at this three-part test. And the last one is the means --

CHAIR STEVENS: Before you go on to that --

MS. MILLS: Yes.

CHAIR STEVENS: -- I'm still not sure I understand.

Looking at this specific case, I'm not sure if you can even refer to this specific case in front of us now. What would be considered a hollow gesture?

MS. MILLS: So, Senator Stevens, I really can't speculate on what that would be. I would just advise that if you're looking to enact a measure that is substantially similar, I would really pay attention to the purpose of the initiative, and the thrust of what you're doing should be focused on that. That's really the best I can do without getting into specifics.

CHAIR STEVENS: Thank you, Ms. Mills. I realize that puts you in a tough spot, and I appreciate that answer.

Any further questions or comments from the members of Legislative Council?

If not, then please continue.

MS. MILLS: Thank you. So just the means. I just want to cover that last part of that three-part test. The court must consider whether the means by which that purpose effectuated are the same in both the legislation and the initiative.

And, again, though, if you look at the campaign finance package that was passed, there were differences. So getting hung up on the details can be difficult.

The court also said the means need only be fairly comparable for substantial similarity to exist. So, again, it's not an exact measure, and depending on the broadness or the narrowness, that means component would change.

Yes. And so, ultimately, the conclusion I have -- which is never very helpful and is also the lawyer's answer -- is it depends on the facts. I mean, we really have to do a close examination of the initiative, go by provision by provision and do the same with any legislation that's passed. And there's just -- you know, are you

getting closer to the Warren initiative, or are you getting closer to the Trust the People initiative? It's -- it just really depends on the specific initiative and how it's framed. Are there any other questions on substantial similarity or how that works?

CHAIR STEVENS: Yes. Representative -- please go ahead, Mr. Speaker.

SPEAKER EDGMON: So I'm trying to learn a little bit about legislative record, because I think I can sit here and say -- and, you know, I ask you to please correct me to the best of your ability you can on the spot here.

But in terms of campaign finance, the record in the Legislature versus this issue, I'm just sitting here thinking that there seems to be a lot of latitude between what legislative record could exist today and may exist two, three weeks down the road and the department's interpretation of the purpose in terms of this three-part test that would ultimately be administered. Any thoughts on that?

MS. MILLS: Speaker Edgmon, through the Chair, it's just really hard to sit here without -- one, without, you know, opining on a predetermination; and, two, without a specific scenario in front of me. So I'm not sure I can clarify any more than I already have, all that to say that any public statements made on the record.

So when we determine substantial similarity or not, that also triggers a right to litigate. And we see that, you know, litigation in initiative context occurs a lot, and this is another area. The -- any aggrieved person -- I think is how the statute -- can sue within 30 days of a determination. So if it's determined it's not substantially similar, you know, that triggers one side. If it's determined it is substantially similar, that could

trigger another side.

And so any public statements made during the legislative process can be brought into that court proceeding by any of the sides to support their view of the law, and I think that's valid information.

But ultimately, you know, what the court has truly looked at in these cases is the specifics of the law. What do the provisions say? But using this language, you know, "it's not a hollow gesture" I think opens it up to people using the legislative record in order to support their side.

CHAIR STEVENS: Thank you, Speaker Edgmon. A very important question. I'm not sure we got a clear answer, but I understand that you cannot maybe give us one, but -- about the legislative record.

Any further questions or comments for Ms. Mills at this point? And did you have further presentation to make to us, Ms. Mills?

MS. MILLS: So the only thing I wanted to go over, if the Chair wants me to, is just the last steps, which is placing the measure on the ballot, you know, what election it would go on and then the enactment and effective date, because those are questions we get.

CHAIR STEVENS: Very important. And if you could cover that, we'd appreciate it.

MS. MILLS: Okay. I'm happy to. So placing the measure on the ballot, the determination of what election an initiative goes on once it's been certified by the lieutenant governor is dependent on when the Legislature adjourns. So it's not dependent on when certification happens but when Legislature adjourns.

And it has to appear, the initiative, on the first statewide election held more than 120 days after

adjournment of the legislative session following the filing of the petition.

And the statute kind of clarifies what "first statewide election" means and says, "First statewide general, special, special runoff, or primary election." So basically it's the gamut as long as it's a statewide election involving the entire population and not like a Senate district, you know, vacancy or something like that, it will qualify.

SENATOR BEGICH: Mr. Chairman.

CHAIR STEVENS: I'm sorry. Yes, Senator Begich.

SENATOR BEGICH: Thank you, Mr. Chairman. So does that mean that the way it's worded, special -- what were the -- what was the one after special?

MS. MILLS: Special runoff, which is a --

SENATOR BEGICH: Okay. Special runoff, right. But in special election, does that mean -- does that create ambiguity that a date could be set for a special election simply dealing with the initiative?

MS. MILLS: Through the Chair, Senator Begich, the way the statutes work, there is no statute allowing an initiative to have its own election. It's only if a special election, special runoff is called for another reason. You know, and usually you're dealing with vacancy issues with legislative appointments. But as I think we're all aware of this year, we also are in a fight over the recall. So --

CHAIR STEVENS: Yes, Senator Begich.

SENATOR BEGICH: Just follow-up. But we have had special elections for like the veterans general obligation bond, you know, two decades ago, and that was the special election setup. It was on an off election year established for an issue that the Legislature came up with. So why

wouldn't you be able to set -- I mean, I'm not suggesting that one would, but why would you -- why wouldn't you be able to?

MS. MILLS: So, Senator Begich, through the Chair, so to clarify, my last answer was based on existing law. If the Legislature were to pass another law or statute -- for example, advisory votes have happened the same way. You know, the Legislature has said in their advisory vote bill it will be held on this date, you know, in a special election. So if the Legislature were to pass another way to have a special election, if you want one for just initiatives, that would be a way to set a special election. But in current law there is no special election just for initiatives.

CHAIR STEVENS: So I think that's clear. And we do always adjourn. We never know when, but we do adjourn, but that adjournment sets the end process of the election.

MS. MILLS: Correct. And this year that would mean to get to have initiatives show up on the primary the Legislature would have to adjourn by April 19th. Anything after that would most likely go on the general election unless there's some sort of intervening election in between the primary and the general.

And the only other requirement, you know, that's -- that I think everyone is aware of is that the lieutenant governor is required to hold public hearings at least 30 days before the election in each judicial district, and that was passed -- I think it was 2014 or so.

So then we come to enactment and effective date. And as you're aware -- but sometimes we get questions from members of the public. Enactment and the effective date are two different things. Enactment occurs on the date -- well, the date after certification of election results. So

when we absolutely know that a majority of votes has passed a measure, it's the date after that's considered the enactment date for initiatives.

And then initiatives have -- are effective 90 days after that certification date. And there is no ability, unlike legislation, to do a special effective date. It's an automatic 90-day effective date.

So an example from 2014 -- because these days most of the initiatives end up on the general election ballot. The marijuana initiative was passed that way in 2014, and it went into effect in late February of 2015. So that's your most likely timeline if it ends up on the general election.

And the other question we've gotten is, well, what if you haven't been able to enact the -- or adopt the regulations that have to go along with it? Law -- the law is effective regardless of whether regulations are in place, and that's true with legislation as well if for some reason there's -- the effective date passes and we still don't have regulations. So basically that leaves the Department of Revenue and the Department of Law just working on those implementation details while it's effective.

And then I just have a really quick -- Department of Revenue is going to kind of go over timelines, but a quick primer on the regulations process, because that would be the implementation part of this.

So, you know, your first step is you have to draft regulations, and then you have to put it out for public notice and public comment and decide whether you want a public hearing. And you need to have at least 30 days between when the public notice goes out and when new regulations are adopted, and that's a short time frame. So I just want to be clear that this is the legal

requirements, it's not the practical or best practices.

So then the agency adopts the regulations, and they send them to the Department of Law. The Department of Law has a statutory role in reviewing regulations to make sure they're consistent with the law and that they're constitutional. And our chief regulations attorney has the power to disapprove regulations that are not consistent with the law.

And so the Department of Law does their final review. They send over the approval or disapproval of specific provisions to the lieutenant governor, and then it's the lieutenant governor's duty to file those regulations.

And once filed, the regulations are effective 30 days after filing unless there's some further out date that was included in the regulations, but 30 days is the minimum amount of time you have between. So I just wanted to lay that out because some people think that regulations happen in a month. It's not a month process. It can take a while.

So that's all I have to cover for process unless there are any additional questions.

CHAIR STEVENS: Thank you, Ms. Mills. Senator Begich.

SENATOR BEGICH: Thank you, Mr. Chairman. Ms. Mills, the process doesn't have -- it has a minimum amount of time, but what is the maximum amount of time? Because I can see the process being drawn out or -- at what point is -- does the timeline for regulations become so long that it becomes what has been called, when at least I was a bureaucrat, the slow roll?

MS. MILLS: So, Senator Begich, through the Chair, in the regulations drafting manual that the Department of Law has to put out, if a regulation -- if public notice occurred and it's been a year and the regulations still

haven't been adopted, we consider that stale and recommend that the process needs to start over. You need to get public involvement again. So that's the recommendation. There's no -- I don't know of a legal timeline, but that's the recommendation by the drafting -- regulations drafting manual.

CHAIR STEVENS: Stale in a year. Senator Begich.

SENATOR BEGICH: And, I'm sorry, but that doesn't really answer the questions. That just says stale in a year and then another year and then another year and then another year. I mean, that process could go on indefinitely. Is that what you're suggesting?

MS. MILLS: So through the Chair, Senator Begich, I would have to go back and look if we have any case law on saying you had to have regulations, and somebody brings a challenge saying you haven't enacted regulations and it was required, if there's a "shall adopt."

But I want to go back to my original comment, which is the law is effective. So the law is in effect. It has to be implemented. Regulations is a question of, you know, those implementation details and what statutory authority is out there for the regulations. But I don't have a specific answer to, you know, how long is too long or is there a legal limitation on when the court would say, "You have to have adopted these."

CHAIR STEVENS: Thank you for the questions or comments or thoughts. Yes, Madam President.

PRESIDENT GIESSEL: Thank you, Mr. Chairman. Cori, so the initiative as it's written out doesn't specify what parts of law are being addressed. Who determines where the initiative language goes in terms of law?

MS. MILLS: So, Senator Giessel, through the Chair, I'm actually going to defer that question to your next

presenters. Department of Law is not involved in that process. And my understanding is that it's the reviser, but I will defer to Megan Wallace and Emily Nauman on that.

PRESIDENT GIESSEL: Thank you.

CHAIR STEVENS: Thank you, Madam President. Further comments, questions, thoughts? Thank you, Ms. Mills. A very thorough explanation. You've gone over the certification of the petition, if a petition is voided, the substantial, the same and similar, the putting the measure on the ballot and enactment and the effective date. Very thorough. Thank you very much.

SENATOR BEGICH: Thank you, Cori.

CHAIR STEVENS: So we'll move on then to Megan Wallace, Leg. Legal attorney, and I believe she has Emily Nauman with her from Legislative Legal. If you'd come up and join us and state your names for the record, please.

MS. WALLACE: Good morning. For the record, Megan Wallace, Director of Legal Services, and I have with me today Emily Nauman, the Deputy Director of Legal Services.

I will begin by kind of picking up where Ms. Mills left off. So she discussed enactment effective dates. And in response to Senator Giessel's question in terms of what happens with the initiative if it's enacted by the voters and where does it go in statute? How do we put it into our Alaska Statutes?

And as Senator Giessel pointed out, the initiative language itself does not specifically amend any existing Alaska Statutes. It has a broad general statement in following Section 1 before Section 2, "that notwithstanding any other statutory provisions to the contrary, the oil and gas production tax in AS 43.55 shall be amended as follows."

Therefore, as Ms. Mills indicated, the determination

as to where to place the statutes is within the purview of the reviser of statutes. Likely, this provision -- or this initiative in its entirety is likely to be placed in AS 43.55, that chapter, likely as its own article. And it will -- it's my best estimation that it will get placed into statute exactly as it looks before you today.

I think the Legislature is accustomed to Leg. Legal kind of doing a cleanup or technical changes, those kinds of things, and that would not occur with respect to the ballot initiative. Our reviser, as you all are aware, generally do reviser bills and do technical cleanups of things.

And to put it in a little bit of context, the marijuana initiative that was passed in 2014 was just cleaned up in a reviser bill last year in SB 71 in 2019.

So the process for Leg. Legal is to allow the initiative to take effect, to see it -- how it's being carried out, you know, make sure to see if there's any litigation and allow the Legislature to take any action if it wants to before we do any technical cleanups, particularly if there are any questions about the substance of the issue, because the cleanups that the reviser can do are only technical revisions that do not change the meaning of the law. And so we want to be extra diligent not to make any changes that could have an impact on the implementation or the meaning of the initiative.

CHAIR STEVENS: So the effective date is 90 days after certification of the election, and it could take up to four or five years to get it finalized and then in statute; is that what you're saying?

MS. WALLACE: Mr. Chairman, it would go immediately into the statutes. It would be placed in -- it would become law, and it would be placed in the Alaska Statutes.

It would take probably two or three years, at a minimum, to have any technical cleanups through a reviser bill, so to speak.

CHAIR STEVENS: Thank you. Madam President.

PRESIDENT GIESSEL: Thank you, Mr. Chairman. So, Megan, I'm somewhat alarmed to hear that there's no cleanup in light of the fact that there are terms used in the initiative that don't otherwise appear in law in some cases, or they're extremely vague compared to our very specific currently written law. So that seems a little frightening that then they're going to be implemented and financial impacts will be made as a result of this initiative. Could you clarify that?

MS. WALLACE: Through the Chair, Senator Giessel, for the reasons you just described, which is that we may have a vague term, the reviser cannot make any changes that would have the impact of changing the meaning of the law.

And so, you know, if Leg. Legal goes in and we replace one word or phrase with another, in light of the fact that it might be vague or open to interpretation, that change in and of itself is a policy change that only the Legislature can make and that the reviser doesn't have the power to make because that change of a phrase or a word could have an impact on the outcome of interpretation of the initiative.

CHAIR STEVENS: Yes, please, we'll go to Senator Hoffman, and then go to you, Representative. Senator Hoffman.

SENATOR HOFFMAN: Thank you, Mr. Chairman. But under the provisions of the law, you say that this legislation will be -- initiative will be enacted. So that -- does that mean that taxes will be collected and the Legislature can appropriate them?

MS. WALLACE: Through the Chair, Senator Hoffman, yes, the initiative will be enacted; it will be law. It will be placed in the Alaska Statutes in some location, like I said, likely in AS 43.55. If taxes are collected, they will be subject to appropriation by the Legislature.

And the next topic that I was going to address is while the reviser won't go in and make any of these technical corrections, you know, likely for two, three, maybe four years, the Legislature at any time has the power to amend the initiative.

Article XI, Section 6 restricts the Legislature from repealing the initiative for a period of two years, but the Legislature is able to amend the initiative at any time. And so if the Legislature feels as though there are vague terms or that they need to make some technical corrections to make the initiative better fit in alignment with the Alaska Statutes, the Legislature could go in and make those changes.

We have had some litigation in terms of how far the Legislature can go in their amendments. And in the case of *Warren v. Thomas*, the Alaska Supreme Court described that what they'll do is they'll look to see whether the Legislature exceeded their broad power by passing an amendment and whether or not it so vitiates the initiative as to constitute a repeal. In other words, did the Legislature make changes so drastic to the initiative language that it makes a mockery of the initiative?

And so, again, not very clear or specific. It's going to be a very fact-intensive review in terms of the changes that the Legislature made and whether or not it goes too far or whether there are technical changes.

CHAIR STEVENS: Thank you, Megan. Senator Hoffman, thank you. Representative Johnson. And then, Senator

Begich, did you have a comment or -- no. Okay.
Representative Johnson.

REPRESENTATIVE JOHNSON: Thank you, Mr. Chair. So if you have in an initiative -- this initiative, say it's self-contradictory within its own body of the initiative, then -- and say we were to implement taxes based on that, our best interpretation, at what point do you just get a legal opinion saying this is self-contradictory? We just get to pick which one we want to go with? If you would, just help me understand how we might be potentially set up for having to have some kind of litigation if we do our very best within what we're given.

MS. WALLACE: Certainly. Through the Chair, Representative Johnson, so I imagine the process will evolve. You know, the Department of Revenue and administration will identify how this is going to be carried out, and the Legislature can examine that.

And if the Legislature determines that it needs to clarify or make any changes to the language of the initiative, that will happen, you know, by bill. And I suspect that there will be a lot of discussion through the committee process as to the legislative intent of the changes, what the purpose of those changes are.

And all of that discussion would be part of the analysis as to -- you know, likely from Leg. Legal giving you some kind of our best analysis as to whether or not we think the amendments are at risk of litigation in terms of going too far. I suspect that the Department of Law will weigh in on those amendments potentially, if asked.

And, ultimately, to be frank, there's probably a high chance of litigation if one -- you know, if the initiative feels -- the backers of the initiative feel the Legislature goes too far or some other, you know, citizen.

CHAIR STEVENS: Please, Representative Johnson.

REPRESENTATIVE JOHNSON: Thank you, Mr. Chair. So walk me through then the process. So we have an enactment, we have the effective date, and we have uncertainty. We spend some time, as a Legislature, trying to figure out how to come to a conclusion on how we would either implement taxes or we would implement this -- the initiative. What happens in that intervening time? Do we collect taxes and then maybe refund them if we come up with some -- I mean, tell me about some of the different scenarios that we might have before us that we have to be thinking about as far as timeline goes as far as coming to certainty on this if we don't have certainty on the initiative.

MS. WALLACE: Through the Chair, Representative Johnson, I'm going to punt a little bit since we have the Department of Revenue here. They can -- they're probably the best to answer in terms of what happens during that uncertainty time in terms of collection of taxes, refunding. That's a little -- that's outside of the scope of what Leg. Legal would look at.

But those are all certainly going to be policy issues for the Legislature to grapple with if the initiative takes effect. And, like I said, because the Legislature has the broad power to amend the initiative, the Legislature can make that policy decision and evaluate what, if any, changes they need to be -- need to be made in light of whatever results from execution of the initiative.

CHAIR STEVENS: Very good question. Thank you, Representative. We'll make sure that we direct that to the department when they are before us. Any further comments?

MS. WALLACE: I'm going to turn it over to Emily to discuss the substance of the initiative. As a reminder, our office provides policy-neutral nonpartisan advice. Our

analysis of the initiative is just that, our analysis to date. And with that, I will turn it over to Emily.

CHAIR STEVENS: Thank you, Ms. Wallace. Appreciate your comments. And going on then to Emily Nauman.

MS. NAUMAN: Good morning. It's my intention just to run through the sectional that I provided. I have a few additional notes and comments in addition to the memo we provided you. Please stop me if you have any questions about the substance of the initiative, and I'll answer them as best as I can.

Section 1 of the initiative sets out the short title for the initiative. Once it's enacted would be known as the Fair Share Act.

Section 2 of the initiative states that Sections 3 and 4, which set out these new additional taxes, would apply only to fields, units, and non-unitized reservoirs on the North Slope that have both produced more than 40,000 barrels of oil per day in the previous year and that unit field or non-unitized reservoir has also produced more than 400 million barrels of oil cumulatively. That section also states that production taxes -- that all other production taxes shall be unchanged by the initiative.

One key difference that Section 2 highlights between the initiative and the current production tax system is that taxes will be assessed by field. Currently, our tax structure assesses production taxes by producer.

Our current production tax system has two primary parts: The first is a net production tax value system. This is our primary production tax. We also have an alternative minimum tax based on gross value. The initiative sets out a similar structure but, again, does it by field instead of by producer.

So Section 3 sets out the alternative gross minimum

tax. Under Section 3, the fields, units, and non-unitized reservoirs that meet the requirements of Section 2 would have a 10 percent tax on the gross value at the point of production starting at \$50.

And technically, the initiative is a little bit -- the wording is -- it took me a few minutes to do the math, but at \$50, the tax will actually go up to 11 percent. There's a 1 percent increase for each \$5 increase in a barrel of oil over \$50, capped at 15 percent of the gross value total.

That section also states that no credits, carry-forward lease expenditures, including operating losses or other offsets, may be used to reduce the amount of tax below the amount provided in that section.

And, again, Section 3 is -- or I should say not again. A unique feature of the initiative is it collects taxes by month. Our current production tax system while -- or sorry. Let me rephrase that. The taxes are assessed and due, levied each month. Our current production tax collects taxes each month, but the tax is actually due annually, so there's a true-up at the end of the year. And I'm sure Department of Revenue can talk more about that process if you're interested in it.

So already we see two large, what I would think, differences between our current tax system and the initiative; one being that we're taxing by field instead of by producer, and the second that we're levying the tax by month instead of annually.

Section 4 sets out what is, I imagine, parallel to our current primary tax structure, which is an annual production tax based on net production tax value. The initiative sets out that this is an additional production tax. It's unclear what it's an additional production tax

to, but I think we can assume that it's an additional production tax to the rate set out in 40.55.011(e), which is our primary tax system.

Under the initiative, the additional production tax applies when the price of a barrel of oil is more than \$50, and it is the difference between \$50 and the production tax value of a barrel of oil multiplied by 15 percent. Again, this net production tax is levied by month.

Section 4 also states that the per-barrel credits -- that's AS 43.55.024(i) and (j) -- cannot be used against that production tax.

Section 5 of the initiative states that each producer subject to the tax shall calculate the taxes -- shall calculate their taxes separately for oil and gas. The introduction of the term "gas" in Section 5 could lead to some confusion in the interpretation of the initiative. It -- read alone, Section 5 has the potential to imply that the taxes set out in Sections 3 and 4 also apply to gas. I don't believe that's the intention of the initiative sponsor, but it's the first mention of gas in the initiative and could cause potentially some implementation issues.

Again, it requires the producers to pay taxes each -- the taxes in the initiative each month and also states that lease expenditures for each field unit or non-unitized reservoir must be calculated, deducted, and carried forward separately.

Section 6 sets out -- or Section 6 is what triggers the sort of parallel comparison where we're looking at the tax levy by Section 3 and the tax levy by Section 4, determining the greater amount and a producer shall pay under that amount. I think you're going to have to remember this is by month. So potentially the way that I

understand the initiative, each month the producer could flip back and forth between the gross tax and the net tax.

Section 7 requires all filing and supporting information related to the calculation and payment of Sections 3 and 4 provided to the Department of Revenue to be a matter of public record.

And Section 8 states that nothing in the initiative dedicates revenue, makes or repeals an appropriation, enacts local or special legislation, or otherwise performs an unconstitutional act. Section 8 also states that the revenues of the initiative could be used to fund government services, capital projects, the Permanent Fund, and Permanent Fund dividends.

Section 9 is a severability clause.

CHAIR STEVENS: Thank you, Emily.

MS. NAUMAN: Any questions?

CHAIR STEVENS: Questions? Senator Stedman.

SENATOR STEDMAN: Thank you, Mr. Chairman. I don't know if this is a proper time to ask it or if it's to Revenue, but this is the first time I've taken a look at the language. I'm understanding that the current structure we have is either-or, either a gross tax or at some point in time you default into the net tax. This appears to be a calculated gross tax and then a layered net tax north of \$75; is that correct? So it's not either-or, it's in addition to?

MS. NAUMAN: Through the Chair to Senator Stedman, I can't speak to the dollar amounts at which the tax would be triggered. I just don't have enough information to answer that question.

But I would say for the field -- and remember, the producers are still going to be paying an annually levied tax, potentially the current gross minimum tax on top of

that for a particular field monthly. They may be paying this alternative gross minimum tax for the field or what appears to me to be the net production tax additional amount provided by the initiative layered on top of the annual production tax currently in law under 43.55.011(e). Does that answer your question?

SENATOR STEDMAN: It starts to. We've got a lot of work to do to sort this out. And another concern I have or just looking back in history, we've had a lot of discussion on the integration between oil and gas and potential impacts, you know, when we get a big gas sale, when that comes and how that cost of gas is impacting our oil revenue positive or negatively.

But it appears that this connects directly the gas tax; is that correct? Would be with the mentioning of it, that it would come under the same tax scenario, or if not, do they have to be separated, and how would they -- how would you separate them?

MS. NAUMAN: Through the Chair to Senator Stedman, the initiative appears to require producers that will be paying taxes under the structure set out in the initiative, in other words, producers who produce oil from fields, units, or non-unitized reservoirs that meet the requirements set out in Section 2 to file taxes where they do separate oil and gas under Section 5 of the initiative. I think that those -- the provisions of the initiative will require substantial regulations for the Department of Revenue to sort out how those producers will file and how they'll separate their lease expenditures.

CHAIR STEVENS: Senator Stedman.

SENATOR STEDMAN: Thank you, Mr. Chairman. Just something I think we need to delve into a little bit, because, as I recall, we had significant difficulty

allocating operating and capital expenditures to oil and/or gas when they both come out of the same hole in the ground at the same time. So I have no idea, other than we've had numerous meetings at Resources over the years and this table on that subject. And it gets extremely confusing, and so I look forward to that conversation and clarification.

CHAIR STEVENS: Thank you, Senator Stedman. Senator von Imhof.

SENATOR VON IMHOF: Thank you. So Senator Stedman did sort of allude to the fact that there seems to be many layers of taxes on top of each other. So I'm only going to just kind of briefly discuss one layer that's alarming, the alternative gross minimum tax.

So right now it's about 4 percent. And how I read this is it's going to jump to 10 percent with a potential max up to 15 percent with also at higher prices. So we're looking at quadrupling, almost quadrupling the current taxes that we have now, particularly in an area where it's the lower price per barrel, where it's very slim margins at that point. And, you know, the companies aren't making all that much revenue and need that to make payroll to continue with operations even in some of the rigs.

And I kind of look at it like with every tax that we have, there is a corresponding behavior. And you see that with the argument with sin taxes. When you have taxes on alcohol or cigarettes, why do you do that? Well, to raise prices enough to potentially curtail behavior.

What kind of behavior are we trying to curtail with this bill? Like let's just have no production on the North Slope, just make everything idle underneath \$50. Oh, by the way, I think prices are at about \$53. So I just look at this and see this as very alarming, and we're

essentially just wanting to drive the oil companies into the ground and make them shut down.

CHAIR STEVENS: Thank you, Senator von Imhof.
Senator Coghill.

SENATOR COGHILL: Thank you. For when it's my turn to explain the initiative to some of the folks back home, it looks to me like what you brought out is, in Section 2 and 3 we are taxing fields and in 5 and 6 we're taxing producers. And I know there's different layers. But so in the field -- we have several producers we might have, for example, in a field. How do I explain that dynamic to the person who signed the initiative and said, "We're going to tax the oil companies, but we're really talking about fields"? How does that distinguish from 5 and 6?

MS. NAUMAN: Through the Chair to Senator Coghill, I apologize for the confusion. The initiative -- the entire initiative taxes producers, but the tax is actually on the field, so that applies to Sections 3, 4, 5 for the entire initiative.

CHAIR STEVENS: Would you say that again and only a little bit slower?

MS. NAUMAN: The initiative in its entirety assesses taxes by field. So Sections 3, 4, 5, and 6, they all assess taxes by field. Our current production tax system assesses taxes by producer. So at a very general level, producers pool together all of their income from across the state or for specific purposes by region -- sometimes we separate out areas like the Cook Inlet -- and then they take all their lease expenditures for the state, you know, with some particular area set out, and combine those together, and the producer then pays taxes on that revenue from -- for -- I have to say with exceptions for the state for the year.

Producers will still be doing that for areas that are not -- what I presume are areas not covered by the initiative. But these fields that are covered by the initiatives, producers will be paying taxes by field, so for income and costs related to that field each month.

SENATOR COGHILL: Mr. Chairman, if I could just clarify that?

CHAIR STEVENS: Yes, please, Senator Coghill.

SENATOR COGHILL: It looks to me like in the initiative the fields are fairly narrowly defined. They're a certain minimum production and maximum production, right? And so those are, I think, Prudhoe, Kuparuk, and one other field. So I think isn't that true that this just targets a couple of major producing fields based on the numbers of the excess of 40,000 or in excess of 400,000 for the total cumulative? There can only be two or three fields on the North Slope, right?

MS. NAUMAN: Through the Chair to Senator Coghill, from reading the information provided by the initiative sponsor, that's my understanding of their intent.

I have a couple of comments. The initiative uses the terms "fields, unit, and non-unitized reservoir," which are terms that are not currently defined in the production taxes statutes. So although they might seem to be fairly understandable concepts, there's quite a bit of room for interpretation, especially in the term "field." We have a definition of "field" elsewhere in statute in the Alaska Oil and Gas Conservation Commission laws. I would not want to rely on that definition to assess taxes personally. The Department of Revenue might feel differently.

"Unit" is defined elsewhere in statute, again, in the Oil and Gas Conservation Commission statutes, but I believe -- and this is from a practical perspective, not

from -- or sorry, from a legal perspective, not from a practical perspective -- it's possible that there could be multiple fields within a unit or multiple units within a field, which means that it would be very difficult to assess or to know certainly what exact piece of land would be subject -- where the ring-fence would be around the object that is subject to the taxation.

SENATOR COGHILL: Thank you, Mr. Chairman. That's as clear as mud to me, but it just shows kind of the complexity of the issue. First, for me from reading it, it looked to me like we were talking about fields in one section and producers in another. And it seems like we're -- whoever is producing is going to get a tax; it's just how. And so I'll start from there. Thank you.

CHAIR STEVENS: Thank you, Senator Coghill.

Any further explanation before we go on? Okay. Thank you; Senator Begich.

SENATOR BEGICH: Thank you, Mr. Chairman.

A couple of clarifying points: When I was reading Section 5, I had a different interpretation than you, and I'm just wondering if my interpretation carries water at all, not to bring water into an oil and gas field.

But when I read the section, it says, "For each producer, the taxes set forth in Section 3 and 4, which are explicitly oil, shall be calculated separately for the following: for oil and for gas."

Isn't that just a way of identifying that they -- that the intent of the writer of the initiative is to be clear that it's for oil that you're calculating and not trying to confuse it by -- I mean, isn't that one interpretation, that they're trying to separate the two out and ensure that the producers are accounting for it separately?

MS. NAUMAN: Through the Chair to Senator Begich, I

agree that your interpretation is both probably the most reasonable and, based on my reading of the initiative sponsors, is probably what was intended. You could read it also, breaking it out, the taxes set forth in Sections 3 and 4 shall be applied separately to gas.

SENATOR BEGICH: Sure.

MS. NAUMAN: And that was where I read the ambiguity into the --

CHAIR STEVENS: Senator Begich.

SENATOR BEGICH: Thank you, Mr. Chair. The follow-up then to that is, earlier we heard from the Department of Law that intent matters, what we say here at the table would be indicative of our intent in terms of alternative legislation or anything like that.

Wouldn't it also apply that the intent that you've spoken to from the writers of the initiative would apply here or would at least have the weight of law behind the interpretation as opposed to an alternative interpretation?

MS. NAUMAN: Through the Chair to Senator Begich, Megan and I had many discussions in preparation for this meeting. We kind of divided up the tasks, and I think Megan is ready to answer the question.

MS. WALLACE: For the record, Megan Wallace, Director of Legal Services.

Through the Chair, Senator Begich, you're correct, when the -- if this results in litigation and the court is trying to assess a proper interpretation of this language, it's likely going to trigger some constitutional issues. I mean, initiatives are a creature of the Constitution, and so the Supreme Court will look, you know, at their past precedent, but they also will give weight to the intent of the initiative, and they will try to give deference to that intent. And I suspect that, you know, they'll be -- you

know, litigation is two sided. So -- likely the initiative sponsors will explain what their intent was, and it might be countered, you know, by the opposition.

SENATOR BEGICH: And one last --

CHAIR STEVENS: Oh, yes, Senator Begich.

SENATOR BEGICH: Thank you, Mr. Chairman. I don't think anybody doubts there isn't going to be litigation, so that's, you know, one way or the other. But the -- when I look at the initiative and sort of the intent behind it and the way it's crafted -- and I have read comments that were forwarded to the committee or to the council by the sponsor that were forwarded on to all of us -- it seemed pretty clear that the idea was to narrowly construe it to legacy fields and that there's -- that there isn't a doubt about that, and yet I'm hearing doubt at the table now. So which is it? Was it -- was -- the comments from the sponsor, are they not clear that this is meant to be focused on the legacy fields? It seems pretty clear to me from both the writing of the initiative and from the letters that were provided to this council.

MS. WALLACE: Through the Chair, Senator Begich, our purpose here at the table is to just flag issues that we spot. And as you noted, this might be a contested issue, and we certainly don't -- aren't going to weigh in on what a court is likely to conclude with respect to any disagreements. So I think what Emily did was just flag a potential argument as to maybe some ambiguity but not express any opinion as to whether -- what side would prevail if that were contested.

SENATOR BEGICH: I'm not asking that.

CHAIR STEVENS: Senator Begich, please continue.

SENATOR BEGICH: Thank you. I'm not asking to opine on which side would prevail. What I'm asking is, is the

initiative narrowly construed or not? You know, I mean, I'm simply asking based on what you've read, is the initiative narrowly construed to legacy fields or not?

MS. NAUMAN: Through the Chair to Senator Begich, in my effort to be as policy-neutral as possible, I really tried to focus on the language of the initiative. To the extent that I looked at the interpretation of the initiative by the sponsor, I tried to keep my exposure to that fairly minimal. I understand that's a factor that a court and likely Department of Revenue will consider, that they would speak to that when they're adopting regulations.

My task, as your legislative attorney, is to look at the law that's in front of me and determine what it means. I think that the interpretation that you have offered as the explanation from the sponsor is probably the most reasonable and likely interpretation, but reading it just purely from a sterile context, I think that both interpretations are possible.

SENATOR BEGICH: Fair enough. Thank you.

CHAIR STEVENS: Very interesting question. I thank you for clarifying that, and we do appreciate the position this puts you in. Senator Stedman.

SENATOR STEDMAN: Thank you, Mr. Chairman. Again, this is the very first hearing of this completely very complex subject matter. But under the current structure, if we have a major gas sale, we have significant exposure to field allowances, potentially eliminating our revenue stream, and the concern is to have net zero. And that's not a wacky thing to throw on the table, it's just a mathematical potential exposure, very potential exposure we have that I'm sure the Revenue and DNR are concerned about also. So does this bill impact the field allowance exposure that we may face in any way that appears

currently?

MS. NAUMAN: Through the Chair to Senator Stedman, I don't know the answer to that question. I would happy to be -- happy to look into it a little bit more. Perhaps the Department of Revenue could provide some analysis on that. I can't provide any comment.

CHAIR STEVENS: Thank you, Senator Stedman.

SENATOR STEDMAN: As a follow-up, Mr. Chairman, I think that could come in the future with different folks. And maybe they take -- it will take some time to sort through this and figure it out, but it's an issue that's very seldom talked about that has a huge financial impact on the state potentially, and we need to understand it at the table also.

CHAIR STEVENS: Thank you. Yes, Representative Johnson.

REPRESENTATIVE JOHNSON: Just one last thing: Are there any rules on what we can and cannot share with constituents as we go forward about the initiative? I mean, could we have a town hall and explain to them what we don't know, do know? I just would like you to clarify that.

MS. WALLACE: Through the Chair, Representative Johnson, I don't want to give bad advice on the record in committee, but I would be happy to provide some analysis to the committee if you wish.

CHAIR STEVENS: Thank you, Megan. Further comments? Senator Begich.

SENATOR BEGICH: Just as a member of the Ethics Committee, it might be a question for the Ethics Committee, I think. John might agree with that.

CHAIR STEVENS: Everything has to be answered by Ethics. Yes, Senator Coghill.

SENATOR COGHILL: Just a structural question: You know, our tax system is complex already as it is. Does this narrow it enough to create a situation where if we did this, would we be in a danger of a specialized tax on a particular field that would create the similarly situated tension amongst other fields, where you might treat one field so disparately different than the other and create a backlash for us?

MS. NAUMAN: Through the Chair to Senator Coghill, I have two comments: The first is, my understanding of your question is that you are hypothetically thinking about creating legislation to meet that substantially similar task; is that correct?

SENATOR COGHILL: Maybe I should --

CHAIR STEVENS: Senator Coghill.

SENATOR COGHILL: If we are contemplating this law as it is, would we be in danger of taxing one group so much more than another group that we would be in danger of having a situation where we're taxing one group so differently than another group that we would be in danger of failing what normally the courts would call similarly situated situations?

I remember once when we did a tax to fishing people that were from out of state, we got our hand slapped really hard on that, and we ended up having to pay back some significant money. And I just wondered if this wanders into that question.

MS. NAUMAN: Through the Chair to Senator Coghill, you are alluding to an equal protection analysis under the Alaska and United States Constitutions. Any time that we treat similarly situated individuals or persons differently as the government, we do trigger potential equal protection challenge.

Equal protection analysis is a sliding scale based on the factor by which the differential treatment is based. This would be an economic factor; in other words, the behavior that is differentiating the individual is being assessed different tax rates is an economic one. That's a very low bar. That said, the court will still look at the reasons, the purpose, and the means used to accomplish that differential treatment in the equal protection analysis.

I think another potential smaller issue to add onto that is the producers that will be subject to this tax might also have much more complex production tax filings that could be an administrative burden as well.

SENATOR COGHILL: Thank you, Mr. Chairman.

CHAIR STEVENS: Thank you, Senator Coghill. Further questions or comments? Senator Stedman.

SENATOR STEDMAN: I hate to keep bringing these little things up, but every year we get the Revenue Sourcebook, Mr. Chairman, and it's a consolidation of multiple companies' monthly reporting to the agencies. And they boil it down to one view, the entire year for us there in the Legislature.

So would this initiative then potentially change that, where we would be having monthly data produced from all the fields and then consolidated to us in a monthly format or -- and still an annual number?

It just -- it seems like -- I guess for those watching at home, it's difficult to sit here at the table when you have -- say you have four major companies or three major companies. They all have different cost structures. They all report monthly, and we get a consolidated number at the end of the year and have to set policy. And we might favor -- one might win, one might lose, and one of the companies might be in the middle and noncommittal. It

makes it difficult. So are we compounding that challenge, or are we -- probably a better question for Revenue, Mr. Chairman.

MS. NAUMAN: Through the Chair to Senator Stedman, that is -- you're right, it's a better question for Revenue.

Something else that you might be interested in knowing, if you're able to ask the Department of Revenue, is how they would intend to audit the now monthly tax due rather than having one year of data and one year to audit. It seems possible they might have to perform audits each month.

CHAIR STEVENS: Thank you, Emily, for those comments. Further questions or comments from members of the Leg. Council? Well, that was a fascinating discussion. I appreciate the time you've spent with us and very thorough.

So let's go on then to our next. We have then Deputy Commissioner Mike Barnhill and Tax Division Director Colleen Glover, and I understand that Cori Mills will be joining them.

Just a comment, Deputy Commissioner. You have two former Revenue commissioners hovering over your back. We're pleased to see Mr. Corbus and Mr. Alper here in the audience.

MR. BARNHILL: Thank you, Mr. Chair. I am aware of many people hovering over my shoulder today, but thank you for inviting us.

We're going to focus our comments today primarily on the process of implementing the initiative. Because of the sensitivities regarding the pending litigation over the meaning of the initiative, we're going to try as hard as we can to avoid answering many of the questions that were posed in the last presentation, but we do think there's

ways of getting information to the Legislature in the form of scenarios that are presented outside the context of the initiative.

So, for instance, if the finance committees wanted information on what would happen if the minimum gross tax was changed in some way, those are scenarios that we can present information on through our economics research group.

So with that, I'm going to turn it over to Ms. Glover, and she's going to talk about implementation process.

CHAIR STEVENS: Thank you, Mr. Barnhill. That was indeed brief.

MS. GLOVER: Good morning, committee. Colleen Glover, for the record, Tax Director, Department of Revenue. So I'll just walk through the process of what the department will do in order to implement this initiative if it's enacted.

As you've heard earlier that the initiative becomes effective 90 days after certification, then -- and we would then be -- have to have our system available for a taxpayer for the next monthly return that would be filed after that 90-day process.

So currently our system -- our tax revenue management system kind of has two aspects: There's kind of the internal system that does all the programming and the calculations of the taxes, and then there's a customer user interface, which we call Revenue Online, and this is for all our tax types.

And so the system would need to be updated for our customers/taxpayers to be able to file their monthly returns, as well as the back-end programming to do the calculations. That all would need to be done within 90 days of enactment of this initiative. Our estimate for

cost is \$7.5 million to do this. Most of the work is programming. We expect a significant workload to be able to program these changes within 90 days. That is a big lift to do in 90 days.

Then as far as the regulation process, we will begin working on those. The timeline you heard. It can be anywhere from six months to a year, depending on the complexity of the regulations. You heard Ms. Mills talk about kind of the minimum timeline. It is our experience for any kind of major oil and gas tax changes in the past, that that would be several months up to a year to do a thorough public notice process, public workshops, and scoping.

There's -- we expect that within the 90 days we will have programming complete, but we expect there will be changes after that. We don't expect it's going to be exactly perfect after 90 days and whether the regulations are finalized or not at that time. So we expect to be in kind of this transitional period where we will be testing, reprogramming, testing, reprogramming until we get everything completely done and tested in time for the final changes.

And that -- unless there's questions on that, we --

CHAIR STEVENS: Ms. Glover, thank you. Senator Begich.

SENATOR BEGICH: Just to clarify and question. You said it would be difficult to do monthly tax collection, but didn't we collect taxes monthly under the old ACES regime from the oil industry?

MS. GLOVER: Senator Begich, through the Chair, I didn't mean, if I said that, it would be difficult to do monthly tax collections. We do monthly tax returns now. There's a monthly return that's filed monthly now by

taxpayers. It's an estimated tax we do collect monthly, but the return is an annual return currently. But there is a monthly filing, or it's called a return in our system.

SENATOR BEGICH: Thank you. Thank you, Mr. Chairman.

CHAIR STEVENS: Thank you, Senator. Further questions or comments, concerns or thoughts? We're going to let you off awful easy it looks like. And you have your attorney with you, so what can we ask?

Senator Coghill.

SENATOR COGHILL: Maybe I'll drill a little deeper into that. Collecting monthly is one thing, but would it be contemplated, as was proposed earlier, that there would be audit provisions done following that collection process?

MS. GLOVER: Senator Coghill, through the Chair, the audit -- in statute right now we have a six-year statute of limitations for auditing returns.

SENATOR COGHILL: So at this point, it looks like that wouldn't change that unless there was a regulatory need to. So, you know, we're struggling with how do we deal with fields and producers, which is a new concept in law. And so you would have to then begin to look at producers within whatever field you could define, right? So you would have to probably start thinking about fields as a taxpayer now differently than you do. And so is that something you would leave up to regulation, or would you start immediately looking at auditing those with that contemplation in mind?

MS. GLOVER: Senator Coghill, through the Chair, the audits typically happen much later in the process. Right now we are auditing the 2014 tax year, so those are much later in the process. And as far as interpretation and policy calls, those have not yet been decided. And so if this initiative is enacted, we would work with Department

of Law on those.

SENATOR COGHILL: Thank you.

CHAIR STEVENS: Thank you, Senator. And to Senator von Imhof and then Senator Stedman.

SENATOR VON IMHOF: Thank you. So I'm looking at Section 7, public records. So all filings and supporting information provided by each producer to the department relating to the calculation of payment of the taxes shall be a matter of public record.

So all filings and supporting information, that might be their daily revenue log, all the money that came in for that particular month by whom, what their expenses were, so essentially opening their books and their checkbook and making it a public record. Do you know of -- any other corporation that pays taxes to Alaska now, is their checkbook public?

MS. GLOVER: Senator von Imhof, through the Chair, currently under statute all taxpayers and all taxes under 43 -- Chapter 43 are confidential.

SENATOR VON IMHOF: So we are carving out an industry and making their particular books, no one else, but their particular books public to the state, the country, the world?

MS. MILLS: Cori Mills again, for the record. Senator von Imhof, through the Chair, I don't want to comment on exactly how broad or narrow this would be for the reasons we talked about before, but this does -- would change those confidentiality provisions for the specific tax enacted in this law.

CHAIR STEVENS: Senator von Imhof.

SENATOR VON IMHOF: So I just have to comment on the fairness of that, the -- how businesses can operate competitively with that, how we are highlighting a

particular business over others and just the punitive nature of that on so many levels. And I just -- I find it despicable that we would treat a particular company or any number of companies like that.

CHAIR STEVENS: Thank you, Senator von Imhof. Senator Stedman.

SENATOR STEDMAN: Thank you, Mr. Chairman. My co-chair corked me on the question I was going to ask about the filings. But let me couch it a different way. They use the word "all," "all filings and supporting information." And we've had, over the years, numerous presentations on the inability that Alaska has of accessing information in our oil basin. Virtually every consultant that we've hired has brought that to our attention. That's just the way we've been structured and we struggle along with and always comment about the lack of information.

My understanding is Norway, they have a very open process in the North Sea and compared -- so it's very easy to see the cost and revenue of the industry.

But where is the boundary between the industry norms worldwide for public -- or for us to have access to information and the word "all filings and supporting information"? I'm just not so sure that where that line is, and it's something I think we need to clarify clearly. There's a need, in my opinion, for us to have more information. But what is the definition of "more," where we don't breach -- like Senator von Imhof mentioned, have the information to the point where it's egregious and puts the corporations in a position where they have -- you know, lose maybe some competitive advantage against their competitors? So I think we need to explore that on a more of a comparative basis. "All" is rather an inclusive term.

CHAIR STEVENS: Thank you. We'll begin with Senator

Stutes and -- I'm sorry, Stutes and Senator Begich, and then we'll get the rest of you. Please go ahead, Representative Stutes.

VICE-CHAIR STUTES: Thank you, Mr. Chair. I'm curious on this "all filings and supporting information." Is that required for other resource revenue that this state receives from any of the other producers of other resources?

MS. GLOVER: Vice-Chair Stutes, as I can only speak to tax revenues, if you have questions on royalty revenues, that would be a question for DNR. But there is no requirement in -- for other taxes under Chapter 43. The only -- there are some limitations on data that we can aggregate and give, but we do not release taxpayer confidential information for any taxes.

VICE-CHAIR STUTES: Thank you.

CHAIR STEVENS: Thank you. So if I have this right, we have -- Senator Begich wishes to speak, Representative Johnston, Representative Johnson. Anyone else? Okay. Senator Begich.

SENATOR BEGICH: Thank you, Mr. Chairman. Just on echoing comments from the co-chairs of Finance but maybe from a different angle. It's my understanding from presentations that I've had from the Legislature's oil and gas experts that -- supporting what you just said, Senator Stedman -- that other jurisdictions do require substantial transparency, and the issue is where the line is probably where we're going to.

But isn't it true some of our own taxpayers report on Alaska through other transparency agreements that they have with -- for example, British Petroleum, when it comes to reporting to the International Association, because they have signed on to that, they have to report their profits,

and they have to report their expenses within jurisdictions. I mean, that's true, right, currently?

MS. GLOVER: Senator Begich, through the Chair, it's -- I can't really speak to what taxpayers' requirements are for reporting, like SEC filings. But if they do report information publicly, that doesn't then give us the authority for us to report that information. So regardless of whether a taxpayer reports it themselves in the public domain, we cannot provide that.

SENATOR BEGICH: Right. I think it's just getting to my point of the balance of what transparency ought to be allowed. For example, can -- do we know what the -- for Exxon or for BP what the profits or expenses were here in Alaska?

MS. GLOVER: Senator Begich, through the Chair, I don't have that information. I think you should ask those taxpayers that information.

SENATOR BEGICH: All right. And that's my point I think is that there's a balance that has to be struck here, Mr. Chairman, at some point. And I think supporting what you're saying, Co-Chair Stedman, and the reasonableness argument that Senator -- Co-Chair von Imhof brought up is what is the balance between the level of information? And part of our responsibility I think would be to define that, were this initiative to pass would be to define that, or if it were to be replaced, to ensure that we speak to that transparency issue one way or the other. But clearly we don't know the answer to those questions, and I think that hampers our ability at the -- at our table to identify how we address budgets.

CHAIR STEVENS: Thank you, Senator Begich.

Mr. Barnhill, did you have a response?

MR. BARNHILL: Mr. Chair, I think one of the

difficulties we, the Department of Revenue, have in participating in the conversation at the table as presented is there's a very specific statute that says that state funds, in the context of an initiative, can only be used for nonpartisan education. And so that's -- that is the posture in which we sit before you. The various comments at the table are phrased in terms of advocacy, and we really do not want to participate in advocacy on either side.

In that spirit, there are important issues of tax policy regarding transparency of how we administer statutes, and I think we can bring back a presentation outside the context of the initiative on what those tax policy considerations are and what practices are within the state of Alaska and outside the state of Alaska.

But when we have advocacy going on at the table over specific provisions in this initiative, that's a conversation we'd rather refrain from actively participating in.

CHAIR STEVENS: I understand that, and I understand you will certainly be asked those questions later. I will allow Senator Begich to continue questioning, and then we'll go down to Johnston, Johnson, and Senator Stedman.

SENATOR BEGICH: I just want to take exception to the comments that were just made by Mr. Barnhill that there's advocacy going on at this table. What I'm hearing in people who are questioning issues around an initiative, no one here has spoken either in favor or against this initiative. And I think that, at the very least, the conversations at this table should not be categorized in that manner by somebody who's sitting there because I think that's unfortunate.

CHAIR STEVENS: Thank you, Senator Begich. So a

lesson for all of us to consider. Moving on to Representative Johnston.

REPRESENTATIVE JOHNSTON: Yes, thank you, Senator Stevens. Just a follow-up to Senator Stedman's comments about the Norwegian transparency. I think that we might find that Statoil, which is owned partially by the Norwegian government but is traded, is -- has less restriction on what they disclose and what they don't disclose than their Norwegian oil company, which is majority owned by the Norwegian government, than they had more transparency. So it's not quite as clear as sometimes it's presented as. A follow-up question?

CHAIR STEVENS: Yes, please, Representative Johnston.

REPRESENTATIVE JOHNSTON: I -- the definition of the fields to be taxed, I'm trying to think of a scenario where those fields become more fluid than they would be today by definition, because you have a minimum amount that needs to be produced and then you have the amount that has been produced. And it's the minimum is where I could have concerns, whereas if this tax is implemented, the efforts to draw oil from the field would be less economically feasible, and so those fields could be -- drop out of the taxation and could happen rather quickly.

And on the other hand, you could have fields in other units that maybe came on faster, and what kind of oversight would that require? I'm back to Senator Coghill's idea as far as auditing. Even though it's a yearly audit, we're now talking monthly and by the field and if this was far more fluid than we can see right now.

MS. GLOVER: Representative Johnston, through the Chair, in the initiative it does have those thresholds of the 40,000 barrels per day in the preceding year and then the 400 million cumulative. So it's possible that there

are fields that could be -- qualify today and won't in the future or that don't qualify today that could in the future, including new fields, however that becomes defined. As far as the defining or tracking or a reporting, those are policy calls that have not been made yet.

REPRESENTATIVE JOHNSTON: Thank you.

CHAIR STEVENS: Thank you very much, Representative Johnston. We'll move on to Representative Johnson, Stedman, and then Coghill.

SENATOR STEDMAN: Thank you, Mr. Chairman. Just briefly.

CHAIR STEVENS: Representative Johnson first.

SENATOR STEDMAN: Oh, excuse me.

REPRESENTATIVE JOHNSON: Thank you, Mr. Chair. So, I mean, I recognize and acknowledge the sensitive position that you are in in this situation, and I appreciate that. And as you can imagine, all of us sitting at the table are in a bit of a sensitive position as well because we need to figure out exactly how much this is going to cost us as we move forward. We're planning to be done, and really you are the Department of Revenue's key to helping us understand what those numbers are. And while you can't be specific, I mean, we're all trying to get to the same conclusion I -- or the same sense of what's happening I think.

I, too, have some concerns about the confidentiality, and I'd like to think that that's not a partisan issue, that's a business issue. But if you would -- and I'm trying to put this in a more general sense. If you could walk me through the scenario of a ring-fenced field, where you have tax, as if it was this initiative, how would you see the administration -- not your administration, but the administration of those fields by the companies, how are

they going to share the cost as a -- I mean, obviously, there's administrative costs that they wouldn't necessarily say that's attributed to that field, but if you start ring-fencing it and you're going to now get down into those kind of details, we're going to see things attributed to fields in a way that they've never had to account for, we've never had to account for. And how hard and expensive is it going to be for the Department of Revenue really to sort that out and say, okay, are you -- if you were to audit something according to a field specifically, are you going to be able to tell if the administrative costs are being attributed to a field for tax purposes would be -- how are you going to know one way or the other?

I guess what I'm trying to figure out is from a revenue perspective, not necessarily specific to this, trying to be specific as much -- you know, not as specific to the initiative so much, but what kind of difficulty? How hard is it? How much expense will it be to your department to really try to implement something where you identify fields and sort out of those pieces that we -- in some ways we don't even know exactly what's coming?

MR. BARNHILL: Through the Chair, Representative Johnson, so there's a certain level of complexity to Alaska's oil and gas production tax that's sort of imbedded in the way we've decided to tax this particular industry. There's a complexity that will be imbedded in any change to that law.

Our best estimate at this time is what we've said in our financial cost statement, that it's going to take \$5 million to program our tax revenue management system, it's going to take \$2.5 million in staff time. We don't want to comment on how comparatively hard it is with respect to current law because we're trying to manage that

line between advocacy and nonpartisan.

But it will impose a burden, which we're currently calculating to be \$7.5 million. And it will impose a time burden in terms of implementation, you know, at least three months to reprogram the system, several months to a year to completely implement regulations.

CHAIR STEVENS: Representative Johnson, comments?

REPRESENTATIVE JOHNSON: May I --

CHAIR STEVENS: Please.

REPRESENTATIVE JOHNSON: -- follow up? Thank you, Mr. Chair.

So how do you see yourself being able to really audit and figure out how much is being attributed to each field? I saw your numbers in here, and I appreciate that. And then there's probably things imbedded in there that I didn't pick up. I'm sure there probably is. But beyond just -- well, I mean, there's the numbers, there's reprogramming by month, and so on and so forth. But there's a bigger piece to this of trying to figure out what can you really attribute to a field and what you aren't going to be able to attribute to a field. I mean, those are going to be some -- I mean, there's policy issues you guys are going to have to figure out within this, and I'm just wondering if you're -- you know, if you have any comments on that?

MR. BARNHILL: Through the Chair, Representative Johnson, I have no further comments in that we've taken our best guess at what the burdens are going to be in terms of cost and staff time, but with respect to the specifics of how we do the auditing, I believe our estimate is fair.

Ms. Glover, do you want to --

MS. GLOVER: Rep Johnson, through the Chair, so for audits, currently we have things by unit. We do get

information for the major units, and obviously there's different working interest owners for different units. So there is a mechanism that information is shared and cross-checked between different taxpayers at a unit level. So that is something within our current audit practices.

CHAIR STEVENS: Thank you, Representative Johnson. And thank you for your response as well. Just a reminder that the purpose of this meeting is really an overview of the initiative before us, not really intended to get into the details or the merits of the initiative. Senator Stedman and then Senator Coghill.

SENATOR STEDMAN: Thank you, Mr. Chairman. Let me, if I could -- I'll try to make it brief, just digress to Senator Begich's earlier question/concern. When we're dealing with the public records, we have struggled with the issue of Conoco's corporate reporting disclosing Alaska, which is nice. BP's information we don't have access to. We have to get it out of an international document. Exxon, of course, is a different one.

And then when we go down and look down the end of the table and we see revenue -- Department of Revenue and Department of Natural Resources, you've got to be careful which department you're asking the question to because some questions cannot be answered by the Department of Revenue, but they can be answered by the Department of Natural Resources. And until you're around the table a while, it's hard to pick that up. So it's very difficult for the layman, as mentioned earlier by the speaker, that come to these tables like we all do, and try to sort this out from a public policy perspective. It's difficult.

So with that, Mr. Chairman, I would like to ask, as we go forward, that we try to clarify some of these things over the next month or so, including this "all filings." I

mean, it's kind of an inclusive term, but there is an issue here that is of concern.

CHAIR STEVENS: Very good point. Thank you, Senator Stedman. Senator Coghill.

SENATOR COGHILL: Maybe I should just stop where Senator Stedman came in because the "all filing," you're going to have a gross and a net and a producer and a field. And so there's going to be different ways that they're going to have to be categorized, I suppose.

This is -- as you were saying, this is just a new category that you're going to have to try to figure out how to implement. Is that what we understand? Plus, there's a switching. You can switch between. And so those are things I think -- when I want to explain it to people that I have to talk to back home, I need to understand that it's a new type of filing, and it could be gross tax or a net tax. And if the producer is in one field and not another, do they then have to report the same thing, and is their taxes then going to be open different than, say, a competitor? And those are things we need to be able to say to our constituents, how this system works and how you might contemplate calculating that.

MS. GLOVER: For the record, Senator Coghill, through the Chair, I can talk to kind of simplistically about how the taxes today -- I mean, currently there is -- the tax is a net profits tax, the production tax. The gross minimum floor is a tax floor. So information that taxpayers file today, the system will calculate both to figure out which tax is owed. So that is true today.

And currently for the North Slope, all oil is in one tax segment, and so that information gets aggregated for the taxpayer for all of the North Slope oil. That is how it is today. As far as how this would work in the

initiative, those are still interpretive issues that are policy calls, interpretations that we have not made at this point in time.

SENATOR COGHILL: I just need to be able to say that to people. There are some things that we do now that are complex, as you have said, but there are new complexities coming in this particular regard. I just need to be able to say that out loud, Mr. Chairman. That's all. Thank you.

CHAIR STEVENS: Thank you, Senator Coghill. Senator von Imhof.

SENATOR VON IMHOF: Thank you. So in the past, your department has testified here in the committee and talked about the backlog of audits that we've had in the past, and I think at one point it was about six years.

And then I think you testified recently that you're absolutely getting caught up, and, you know, the millions of dollars that we're sort of leaving on the table is now being deposited into the CBR and other accounts, so this is great news.

But I'm wondering if we're going to be doing a backslide, because with this is new system of monthly returns and that they're new via fields or even production sites and not necessarily producers, how many more tax returns and audits will the department be doing on a monthly, quarterly, annual basis? And what kind of staff are you going to need and annual resources do you think you might need? You mentioned earlier 5 million to in 90 days hopefully change the software, but I would imagine there's going to be significant ongoing costs as well. Can you comment on that?

MS. GLOVER: So, Senator von Imhof, through the Chair, we don't expect there to be additional resources needed

for -- you know, for the future for this. The \$7.5 million estimate is for the next -- would be for the time period up to about a year after, if the initiative was enacted, to actually do a lot of the work and upfront planning.

We do, though, expect that that workload for our current oil and gas production tax audit team would be impacted if this initiative were enacted. We would need them to help. It's a lot of testing for the system, help with the regulations process. So we do expect that, based on past practices when other oil and gas taxes were passed, that the resources would then focus on the enactment of any new tax law. That is partially what has kind of got us in this backlog today was from prior tax laws.

So we do expect that the resources within their priority would be enactment of any oil and gas tax law and not the audit. So we do expect the duration of our audits to slip, and whether it would go beyond the six-year statute of limitation is unknown at this time until, you know, the work happens, but we don't expect a need for additional resources for the long-term for this.

CHAIR STEVENS: Thank you. Mr. Barnhill, did you have any comment? No. Senator von Imhof.

SENATOR VON IMHOF: Well, thank you, Mr. Chairman. I just wanted just to say so it sounds like it's potential that the audits will begin to slip as all hands on deck start to pick up the workload of figuring out what all these taxes are and whether it's per field per production site and so forth.

I just worry that with this change of monthly and this change of ring-fencing, that the initial 7.5 million will only get you so far and that we may be looking at some more resources needed for your department, and we just want to be aware of that possibility.

CHAIR STEVENS: Thank you, Senator. Senator Begich.

SENATOR BEGICH: Just as follow-up. Thank you, Mr. Chairman. On Senator von Imhof's comment, it would be your intent, though -- I mean, at one point you're saying there won't be any long-term impact on your resources and ability to do this, but, on the other hand, audits might slip, which would imply there is a long-term impact. So you would come back to the Legislature and request additional support for auditing and those purposes if you felt that that was happening, right?

MS. GLOVER: Senator Begich, through the Chair, that's correct. At this point, we aren't at that six-year limit as we had been in the past. So we do think we have some room that we would still be able to -- if we had to focus early on enactment of a new tax, to kind of move our resources to that, but then also we just might push the audit backlog back towards that six-year limitation, but we don't expect additional resources. If we did, correct, we would ask for that in the budget process.

SENATOR BEGICH: And, Mr. Chairman.

CHAIR STEVENS: Senator Begich.

SENATOR BEGICH: And you identified that the 7.5 million was not just for setting up the system but for the planning process. You just said that a second ago. And so you would anticipate in that planning process, whatever those demands might be, and we would expect then to see whatever accommodation you would need to make to address the audits, correct?

MS. GLOVER: Senator Begich, through the Chair, correct.

SENATOR BEGICH: Thanks.

CHAIR STEVENS: Thank you. Any further comments or questions for the Department of Revenue?

Seeing and hearing none, thank you very much for being with us. This is the last time we will be hearing this issue, of course. It will be going through lots of other meetings and committee hearings.

But I do want to say that, according to Statute 24 -- 25.05.186, we're required, as a Legislature, to hold a hearing on this initiative. I am pleased that the Legislative Council has done this, seven members of the House, seven members of the Senate.

I do appreciate Cori Mills, Department of Law, for being here; Megan Wallace, Emily Nauman of Legislative Counsel; and, of course, Deputy Commissioner Mike Barnhill and the Tax Division Director, Colleen Glover. Thank you all very much.

III. ADJOURN

CHAIR STEVENS said if there is nothing further to come before the Council, we are adjourned.

[10:52:51 AM](#)