

**ALASKA STATE LEGISLATURE**  
**HOUSE COMMUNITY AND REGIONAL AFFAIRS STANDING COMMITTEE**

April 27, 2023

8:04 a.m.

**MEMBERS PRESENT**

Representative CJ McCormick, Chair  
Representative Kevin McCabe, Vice Chair  
Representative Tom McKay  
Representative Justin Ruffridge  
Representative Rebecca Himschoot  
Representative Donna Mears

**MEMBERS ABSENT**

Representative Josiah Patkotak

**OTHER LEGISLATORS PRESENT**

Representative Louise Stutes

**COMMITTEE CALENDAR**

HOUSE BILL NO. 133

"An Act exempting municipal service area boards from the requirements of the Open Meetings Act; and providing for an effective date."

- HEARD & HELD

HOUSE BILL NO. 134

"An Act prohibiting municipalities from levying a tax on the transfer of real property; prohibiting the state from levying a tax on the transfer of real property; and relating to municipal taxation of mobile telecommunications services."

- HEARD & HELD

HOUSE BILL NO. 153

"An Act relating to oil and gas exploration, production, and pipeline transportation property taxes; and providing for an effective date."

- HEARD & HELD

**PREVIOUS COMMITTEE ACTION**

BILL: HB 133

SHORT TITLE: MUNICIPAL SERVICE AREA BOARD MEETINGS

SPONSOR(S): REPRESENTATIVE(S) SUMNER

03/27/23 (H) READ THE FIRST TIME - REFERRALS  
03/27/23 (H) CRA, STA  
04/27/23 (H) CRA AT 8:00 AM BARNES 124

BILL: HB 134

SHORT TITLE: PROPERTY TRANSFER TAX; MUNI TELECOMM TAX

SPONSOR(S): REPRESENTATIVE(S) COULOMBE

03/27/23 (H) READ THE FIRST TIME - REFERRALS  
03/27/23 (H) CRA  
04/13/23 (H) CRA AT 8:00 AM BARNES 124  
04/13/23 (H) Heard & Held  
04/13/23 (H) MINUTE(CRA)  
04/27/23 (H) CRA AT 8:00 AM BARNES 124

BILL: HB 153

SHORT TITLE: OIL AND GAS PROPERTY TAX

SPONSOR(S): REPRESENTATIVE(S) GROH

04/05/23 (H) READ THE FIRST TIME - REFERRALS  
04/05/23 (H) CRA, RES  
04/27/23 (H) CRA AT 8:00 AM BARNES 124

**WITNESS REGISTER**

REPRESENTATIVE JESSE SUMNER  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** As prime sponsor, presented HB 133.

STEVE MENARD, Chief of Staff  
Representative Jesse Sumner  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Gave the sectional analysis for HB 133 on behalf of Representative Sumner, prime sponsor.

JILL PARSON  
Big Lake Road Service Area  
Big Lake, Alaska

**POSITION STATEMENT:** Gave invited testimony during the hearing on HB 133.

MOKIE TEW

Matanuska-Susitna Valley, Alaska

**POSITION STATEMENT:** Gave invited testimony during the hearing on HB 133.

REPRESENTATIVE JULIE COULOMBE

Alaska State Legislature

Juneau, Alaska

**POSITION STATEMENT:** As prime sponsor, presented HB 134.

RYLEH BODYSELT

Fairbanks, Alaska

**POSITION STATEMENT:** Gave invited testimony in support of HB 134.

BARBARA ANGAIAK

Homer, Alaska

**POSITION STATEMENT:** Gave invited testimony in support of HB 134.

MARK MASLEY

Anchorage, Alaska

**POSITION STATEMENT:** Gave invited testimony in support of HB 134.

LARRY BURKE

Anchorage, Alaska

**POSITION STATEMENT:** Gave invited testimony in support of HB 134.

CALLIE BACON

Seward Properties

Seward, Alaska

**POSITION STATEMENT:** Gave invited testimony in support of HB 134.

TERRY BRYAN

Fairbanks, Alaska

**POSITION STATEMENT:** Gave invited testimony in support of HB 134.

NILS ANDREASSEN

Alaska Municipal League

Juneau, Alaska

**POSITION STATEMENT:** Testified during the hearing on HB 134.

TONJA MOSER, representing self  
Juneau, Alaska

**POSITION STATEMENT:** Testified in support of HB 134.

REPRESENTATIVE CLIFF GROH  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** As prime sponsor, presented HB 153.

CAMERON EBERSOLD, Staff  
Representative Cliff Groh  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Gave the sectional analysis for HB 153 on behalf of Representative Groh, prime sponsor.

COLLEEN GLOVER, Director  
Division of Tax  
Department of Revenue  
Anchorage, Alaska

**POSITION STATEMENT:** Answered questions during the hearing on HB 153.

#### **ACTION NARRATIVE**

[8:04:00 AM](#)

**CHAIR CJ MCCORMICK** called the House Community and Regional Affairs Standing Committee meeting to order at 8:04 a.m. Representatives McKay, Ruffridge, Himschoot, Mears, McCabe, and McCormick were present at the call to order. Also present was Representative Louise Stutes.

#### **HB 133-MUNICIPAL SERVICE AREA BOARD MEETINGS**

[8:05:45 AM](#)

CHAIR MCCORMICK announced that the first order of business would be HOUSE BILL NO. 133, "An Act exempting municipal service area boards from the requirements of the Open Meetings Act; and providing for an effective date."

[8:06:05 AM](#)

REPRESENTATIVE JESSE SUMNER, Alaska State Legislature, as prime sponsor, presented HB 133. He read the sponsor statement

[included in the committee packet], which read as follows [original punctuation provided]:

House Bill 133 would give specific exemptions to local municipalities on the Open Meetings Act.

Currently, the Open Meetings Act (OMA) doesn't allow for Board Supervisors on the Road, Safety and Assessment (RSA) board to ride in the same vehicle, because of the quorum statute in OMA. For example, in the Mat-Su Borough, RSA is an advisory only position appointed by the Mayor. These positions are strictly voluntary; with no power to contract or spend any of the Borough's money.

Not only would this change incentivize local board members; which has been a problem filling, but in the Mat-Su Valley, it is critical to get all the Supervisors together and brainstorm on how best to solve Borough issues, without the cloud of the OMA.

Currently, in practice, if a board member found out something wrong with a road, he or she does not have the ability to call others on the board to come look at said problem and discuss solutions on solving the issue, because of the Open Meetings Act. This is a big problem for local municipalities with an easy solution set forth in this bill.

Please join us in supporting HB 133.

[8:07:41 AM](#)

STEVE MENARD, Chief of Staff, Representative Jesse Sumner, Alaska State Legislature, gave the sectional analysis for HB 133, on behalf of Representative Sumner, prime sponsor, which read as follows [original punctuation provided]:

**Section I:**

Just a small grammatical amendment AS 44.62.310(d)(5) from UPON to ON.

And

Removes a portion of AS 44.62.310(d)(8) to ultimately read "meetings of municipal service area boards

established under AS 29.35.450 - 29.35.490." This is the heart of the Bill that will give the power back to local municipalities to function reasonable in deciding on how best to problem-solve and not be in violation of the Open Meetings Act.

**Section II:**

If passed, this would take effect immediately under AS 01.10.070<sup>©</sup>.

8:09:18 AM

JILL PARSON, Big Lake Road Service Area, explained she is on the Road, Safety, and Assessment (RSA) 21 Big Lake Board of Supervisors, and stated that the board is significantly impacted by the Open Meetings Act (OMA). While all meetings are open to the public, that does not work when observing road conditions is the reason for the meeting and sight visits are often spontaneous and weather dependent. She noted that board members end up driving in separate vehicles, so they do not have a quorum of their five-member board in any one vehicle. If all five members traveled in one vehicle, they could discuss and evaluate issues in between stops - a valuable and efficient way to find solutions to road problems. Members can then be prepared with alternatives to present to the public at regularly scheduled monthly meetings in which the public participates.

8:11:27 AM

REPRESENTATIVE MEARS observed that "the work folks do in infrastructure" is underappreciated, and she stressed the importance of having site visits. She said she looked forward to supporting the bill.

8:12:04 AM

REPRESENTATIVE MCCABE offered his understanding that the makers of the statute assume that any time the board members get together they will be talking about common interests, and the ultimate authority for "the spend" comes from the assembly.

8:13:27 AM

REPRESENTATIVE SUMNER replied that it may seem like the Matanuska-Susitna Borough is taking the Act too seriously, but it may be the only municipality that has a standing injunction.

[8:13:47 AM](#)

REPRESENTATIVE MCCABE confirmed his understanding of the legal aspect, and said he thought there is some intent to increase the size of the road service area board in different RSA districts that currently cannot be increased, due to the restrictions. He stated he supported the legislation.

[8:14:42 AM](#)

REPRESENTATIVE RUFFRIDGE asked for clarification that the provisions under HB 133 would ensure the service area board would still have some kind of mechanism to have a say in public meetings, and he questioned what would prevent the board from having all its meetings behind closed doors.

[8:15:25 AM](#)

REPRESENTATIVE SUMNER replied, "We did bring the bill that way ... as a bare bones approach to this." He said he did not think it would be problematic for the service area boards to be excluded from the OMA, although he would consider it a friendly amendment if the committee were to "put some side rails" on the legislation.

[8:15:52 AM](#)

REPRESENTATIVE SUMNER, in response to a question from Representative Himschoot regarding board discussion on the road, said it would be difficult outside of a public meeting to pass a resolution. It is the assembly that ultimately has the "purse strings" and is accountable to the public.

[8:17:21 AM](#)

MR. MENARD further explained the vital point of the bill is local authority, the assembly's ability to set the parameters of when to meet, what to discuss, and when to present to the public.

[8:17:52 AM](#)

REPRESENTATIVE MCCABE asked if the borough code sets the timing and dates for RSA required meetings.

REPRESENTATIVE SUMNER replied that local government couldn't set times and dates out in code without the restriction that the OMA has created.

[8:19:19 AM](#)

MOKIE TEW gave invited testimony on HB 133 and informed the committee he is a Matanuska-Susitna Borough Assembly member. He explained that the operation of the road superintendent and RSA supervisor are hindered in regard to responding when the citizens call about road problems; it is difficult for more than one assembly member to go out and look at the problem on the road and then report the problem and possible solution back to the Mat-Su Borough road superintendent. He stated that the bill would allow the road supervisors to volunteer people, and when meetings take place, solutions are formulated and put together. He stressed that there is no intention of excluding the public from the meeting. In conclusion, he said that a much stronger team of people would be built as a result of having a "volunteer road supervisor."

[8:24:14 AM](#)

CHAIR MCCORMICK thanked Mr. Tew for his testimony and invited questions from the committee.

[8:24:25 AM](#)

REPRESENTATIVE MEARS was curious if anyone had reached out to other areas of the state to find out if there were any similar issues or questions.

MR. MENARD replied he did not, that this was brought as a specific issue in the Mat-Su Valley.

[8:26:04 AM](#)

REPRESENTATIVE SUMNER expressed his appreciation for being able to present HB 133.

[8:26:13 AM](#)

CHAIR MCCORMICK announced that HB 133 was held over.

[8:26:32 AM](#)

The committee took an at-ease from 8:26 a.m. to 8:28 a.m.

**HB 134-PROPERTY TRANSFER TAX; MUNI TELECOMM TAX**

8:28:15 AM

CHAIR MCCORMICK announced that the next order of business would be HOUSE BILL NO. 134, "An Act prohibiting municipalities from levying a tax on the transfer of real property; prohibiting the state from levying a tax on the transfer of real property; and relating to municipal taxation of mobile telecommunications services."

8:28:25 AM

REPRESENTATIVE JULIE COULOMBE, Alaska State Legislature, as prime sponsor, presented HB 134. She paraphrased the sponsor statement [included in the committee packet], which read as follows [original punctuation provided]:

HB 134 prohibits the state and local governments from imposing real estate transfer taxes, fees, other assessments on sales, grants, assignments, or transfer of real property. A transfer fee is an additional cost that is increasingly being assessed by local and state governments for property transactions in other states.

Over the last several years we have seen an increase in tax rates across America. By increasing the cost of purchasing a home, higher transfer taxes have a ripple effect on this pattern of homeownership. Those seeking to be first-time homeowners face great upfront costs to purchase a home, thereby reducing the potential number of first-time homebuyers. Families seeking to purchase larger homes may find it difficult to sell their homes and/or find a home. This impact extends to seniors, who are retired and on fixed incomes and are dependent on selling their homes home to help finance their retirement. In short, transfer tax increases disrupt a lifecycle model of housing, whereby households adjust their housing as their needs change.

HB 134 will aid not only homebuyers and sellers, but existing real estate laws overall in Alaska. It reassures the state will not enact additional charges to real estate property purchases which would increase affordability for the housing market and raise real estate economy.

I respectfully request the support of my colleagues on  
HB 134.

[8:30:14 AM](#)

CHAIR MCCORMICK welcomed invited testifiers.

[8:30:40 AM](#)

RYLEH BODYSELT gave invited testimony in support of HB 134. She began by mentioning Alaska's several military bases, and that military personnel often face challenges when it comes to finding housing. She stated some of the most "gut wrenching" experiences in her career had been helping clients that are not able to find affordable housing. She opined that HB 134 is needed, as the bill would help fight to keep housing affordable in Alaska.

[8:33:19 AM](#)

REPRESENTATIVE HIMSCHOOT offered her understanding that military families have programs or federal assistance that help them with buying and selling homes due to the transient nature of serving in the military.

[8:33:52 AM](#)

MS. BODYSELT confirmed there are programs to help buy and sell homes - most commonly being VA loans - but military personnel must be able to afford it.

[8:34:24 AM](#)

BARBARA ANGAIK gave invited testimony in support of HB 134, and she stated the cost of living in Alaska is already high, and affordable housing is a huge factor for families as well as the ability to attract and retain employees in all sectors. Added fees on top of already high prices cause even more problems, she concluded.

[8:37:46 AM](#)

MARK MASLEY gave invited testimony in support of HB 134, and expressed his belief that the bill is critical for the future of home ownership in Alaska. As other testifiers have noted, he acknowledged that Alaska is facing an affordable housing crisis.

The potential for a transfer tax could harm current and future homeowners, in particular first-time buyers, who are already facing rising interest rates, property taxes, and significant financial challenges that affect their ability to purchase a home. Senior citizens on fixed incomes, he explained, could also be significantly impacted by a transfer tax. He urged the committee to support HB 134 and thanked them for their time.

[8:40:29 AM](#)

LARRY BURKE gave invited testimony in support of HB 134. He explained that the transfer tax is separate from recorded mortgage taxes; the transfer tax is not tax deductible on federal taxes. He stressed his support for moving HB 134 out of committee.

[8:42:23 AM](#)

CALLIE BACON, Seward Properties, gave invited testimony in support of HB 134. She stated that a transfer tax on the sale of real estate would be harmful to the residents of rural Alaska, and she noted 45 percent of all buyer clients served in 2022 were first-time buyers, and affordability is already a challenge. People in rural communities such as Seward, she explained, cannot afford a real estate transfer tax. She stressed her opposition to the transfer tax and her support for the passage of HB 134 that it may be heard by the full body.

[8:44:33 AM](#)

TERRY BRYAN gave invited testimony in support of HB 134 and provided a brief background of his time in title insurance. He said that although title companies would not be directly impacted by the implementation of transfer fees, he is still in support of HB 134. Adding any additional expense to home ownership would force many first-time home buyers out of the market. Being the real estate industry is a key economic force in the state of Alaska, the legislature should look at ways to support and ensure the state's growth, not to impede or handicap the path to homeownership. He stated he personally and professionally supports HB 134.

[8:48:04 AM](#)

CHAIR MCCORMICK opened public testimony on HB 134.

[8:48:14 AM](#)

NILS ANDREASSEN, Alaska Municipal League, gave testimony during the hearing of HB 134. He stated not being sure if the bill addresses housing costs in Alaska, and the lack of definition within the bill does not help clarify what a transfer is applied to and would require a definition of "transfer" to be applicable. He highlighted a specific concern about the ambiguity of the bill and its effect on local government, and its intent to address the housing crisis Alaska is facing. He encouraged the committee to spend time on the housing crisis, as well as the many other costs involved in housing consideration.

[8:51:11 AM](#)

TONJA MOSER, representing self, testified in support of HB 134. She noted her disagreement with the last testifier, but said she understood his intent. She stated her concern is that adding another tax to an already expensive transaction would make housing more unaffordable than it already is. She urged the committee to work towards positive solutions for affordable housing.

[8:52:43 AM](#)

CHAIR MCCORMICK, after ascertaining there was no one else who wished to testify, closed public testimony on HB 134.

[8:52:56 AM](#)

REPRESENTATIVE COULOMBE thanked the committee for hearing the bill, and to the testifier referencing definitions, she confirmed that there are statutory definitions for transferring real property that can be given to the committee.

[8:53:36 AM](#)

CHAIR MCCORMICK announced that HB 134 was held over.

[8:53:44 AM](#)

The committee took an at-ease from 8:53 a.m. to 8:55 a.m.

**HB 153-OIL AND GAS PROPERTY TAX**

[8:55:13 AM](#)

CHAIR MCCORMICK announced that the final order of business would be HOUSE BILL NO. 153, "An Act relating to oil and gas exploration, production, and pipeline transportation property taxes; and providing for an effective date."

[8:55:27 AM](#)

REPRESENTATIVE CLIFF GROH, Alaska State Legislature, as prime sponsor of HB 153, paraphrased the sponsor statement [included in the committee packet], which read as follows [original punctuation provided]:

Alaska's reliance on savings accounts to fill budget deficits is no longer sustainable without risking the future of the Permanent Fund. We need new revenues, and changing the oil and property tax is one way to raise new revenues in a predictable fashion.

This bill proposes to increase the maximum mill rate from 20 mills (2%) to 30 mills (3%) on the full and true value of oil and gas property assessed under Alaska Statute 43.56. Currently, the total mill rate is capped at 20 mills, and municipalities may collect taxes up to that amount. The State retains the property tax not otherwise collected by municipalities, so the State's collections fall each time a municipality raises its property tax rate. Under this bill, the maximum municipal rate would remain at 20 mills leaving local communities harmless, but the State would tax an additional 10 mills that would generate revenue reserved for the State.

HB 153 offers a fixed and predictable cost for the oil and gas industry. The petroleum property tax has not been raised since its establishment in 1973, and the proposed increase in the mill rate will offer a reliable source of revenue for the State.

Depending on the price of oil, the property tax increase would be offset by existing oil production taxes and royalties. Given that offset the state would net up to approximately \$250 million in new revenue under this bill each year.

HB 153 suggests three tiers of designated appropriation, while not dedicating the funds:

- • 50% to the capital income fund to help pay down the deferred maintenance backlog;
- • 25% to the Department of Education and Early Development for investments in early education, including pre-K, childcare and early development; and
- • 25% to higher education investment to enhance the merit-based Alaska performance scholarship and needs-based Alaska education.

HB 153 bill increases an existing, predictable revenue source to improve Alaska's quality of life and build opportunities for future generations. Thank you for your consideration.

[8:57:49 AM](#)

CAMERON EBERSOLD, Staff, Representative Cliff Groh, Alaska State Legislature, on behalf of Representative Groh, prime sponsor, gave the sectional analysis for HB 153 [included in the committee packet], which read as follows [original punctuation provided]:

Section 1: Amends AS 43.56.010(a) to include a new subsection (2) that increases the maximum mill rate an additional 10 mills. This only applies to taxable property as defined under AS 43.56.210.

Section 2: Amends AS 43.56.010(d) with conforming language. This clarifies the municipal property tax under (a)(1) of the bill can only be credited to the taxpayer.

Section 3: The estimated balance of the taxes collected in section one of this bill may be appropriated by the legislature as follows:

1. 50% to the Alaska Capital Income Fund;
2. 25% to Department of Education and Early Development for early childhood education programs, including pre-elementary programs, childcare, and educational programs; and
3. 25% to the Alaska higher education investment fund.

Section 4: Establishes an effective date of January 1st, 2024.

[8:59:07 AM](#)

REPRESENTATIVE MCCABE asked whether a dedicated fund would be established that may not be constitutional. He paraphrased a section in the fiscal note, which read as follows:

For purposes of this fiscal note, the property tax revenue increase is shown as Designated General Fund but this bill directs the legislature to appropriate revenue as follows: (1) 50% into the Alaskan Capital Income Fund, (2) 25% to Department of Education and Early Development for specified programs, and (3) 25% into the Alaskan Higher Education Fund. While the bill directs the aforementioned distribution, the revenues are technically available for appropriation for any purpose.

REPRESENTATIVE MCCABE stated that, in spirit, it may violate what the Constitution of the State of Alaska disallows, which is to earmark monies to go into specific funds.

[9:00:05 AM](#)

REPRESENTATIVE GROH replied that Section 3 of the bill read that "the annual estimate balance of the account may be appropriated by the legislature"; therefore, it would be consistent with the constitutional language that is being referenced.

[9:00:40 AM](#)

REPRESENTATIVE RUFFRIDGE asked what the effective tax rate would be by state - particularly in states that have a high amount of oil and gas production; he noted North Dakota has no property tax on oil and gas. He asked how Alaska ranked.

REPRESENTATIVE GROH replied there are a mix of taxes that various states have, and he stated he did not have a precise ranking. He said he understood there is room to raise revenues here [in Alaska], and it should be seen in terms of the overall package of taxes on the oil and gas industry.

REPRESENTATIVE RUFFRIDGE expressed concern over becoming a competitive disadvantage if Alaska would be at "that highest tax rate."

[9:04:01 AM](#)

REPRESENTATIVE MCKAY agreed with Representative Ruffridge and said that he thought the concept needed a lot of study. He also acknowledged the need to look at the constitutionality of dedicated funds; it could be a big flaw with the bill, as well as how boroughs where production takes place could be affected. He reiterated his stance that the proposed legislation needs significant study for consideration.

[9:06:37 AM](#)

REPRESENTATIVE GROH clarified that there would not be an effect on the property tax revenues, and he stated Mr. Andreassen is available to address what needs further clarification.

[9:07:25 AM](#)

MR. ANDREASSEN stated that as the bill is currently drafted, it would not change existing law as it relates to local government collection of property taxes, it would apply to oil and gas property.

[9:07:59 AM](#)

REPRESENTATIVE MCKAY expressed concern about the money that would be taken out in the private sector from the oil industry that would otherwise be used to drill new wells and give new production.

[9:08:26 AM](#)

REPRESENTATIVE MCCABE asked for confirmation that the tax has nothing to do with production; it's simply land/property tax.

REPRESENTATIVE GROH replied that is correct, and he stated Ms. Glover is available to address the issue further.

[9:10:08 AM](#)

COLLEEN GLOVER, Director, Division of Tax, Department of Revenue, answered questions during the hearing of HB 153. She said HB 153 is specific only to the oil and gas property tax, and it has secondary impact on the production tax. She pointed out the fiscal note shows some negative impact on general funds because of the production tax. She explained there could also be some impact on corporate income tax dependent on the taxpayer. She provided a brief breakdown of percentages directed towards boroughs that may be affected.

[9:13:52 AM](#)

REPRESENTATIVE HIMSCHOOT thanked Representative Groh for the "creativity in how we may solve this structural deficit problem." She asked to see the "full package" of how Alaska taxes the oil industry.

[9:14:47 AM](#)

REPRESENTATIVE GROH replied that Ms. Glover can address the question. He further commented on the various oil and gas producing states that have suites or packages of taxes, of which oil and gas property tax may or may not be one.

[9:16:16 AM](#)

MS. GLOVER explained that there are a few different taxes that the state imposes on oil and gas producers: oil and gas production tax; oil and gas property tax that the state administers on a statewide level; and corporate income tax for qualifying entities. She further explained that there are many details that go behind each program, and she noted a presentation is done each year and covers all the calculations regarding "how it all works." She allowed that the department is not an expert in other states' tax policies but could research and follow up with information.

[9:18:18 AM](#)

REPRESENTATIVE GROH noted that the oil and gas property tax is a much more stable form of revenue for the state; it has been growing as a percentage of the oil and gas revenues.

[9:19:26 AM](#)

REPRESENTATIVE MCKAY commented that Alaska is unique in that its reserves are publicly owned. He summarized what oil and gas properties include, and that the properties are assessed annually, which is then used to determine existing taxes paid. He stated his concern the proposed legislation may disincentivize further activity in the private sector, and he opined that due to an incomplete bill and fiscal note, there are open questions that need to be studied to determine whether there may be unintended consequences of the bill.

[9:22:14 AM](#)

REPRESENTATIVE GROH responded that the additional revenues could revive the structural deficit the state faces. He commented that another committee could look at the issue that Representative McKay has raised, but he reiterated that this is a stable source of revenue.

[9:23:31 AM](#)

REPRESENTATIVE MCCABE questioned whether the structural deficit in the state is a result of the major oil companies having been driven out of state by "willy nilly" tax procedures and the state focusing on the oil companies any time there is a fiscal disturbance. He stated that the oil companies are not a "piggy bank" or a revenue stream; they are a fixed asset.

[9:24:59 AM](#)

REPRESENTATIVE HIMSCHOOT agreed about the bill needing further study.

[9:25:48 AM](#)

REPRESENTATIVE GROH noted that the proposed legislation has a fixed cost, so it would provide more certainty. He also said the state needs to look out for itself and its people, and the proposed legislation would be one stab at confronting the growing structural deficit.

[9:27:55 AM](#)

REPRESENTATIVE MCKAY referred to previous legislation and commented on the decline and increase of oil production on the North Slope. He stated his belief that the tax policies are working now, and HB 153 would disturb that stability greatly. He stressed the legislature must be very careful about the taxation of the state's biggest industry.

[9:30:03 AM](#)

CHAIR MCCORMICK commented that it is important to be cognizant of the different elements of the state and what makes up Alaska's oil tax structure. He said he would like to see a comparison, but raised concern about the amount of money it would cost for a study that may turn out to be unnecessary.

CHAIR MCCORMICK announced that HB 153 was held over.

9:31:40 AM

**ADJOURNMENT**

There being no further business before the committee, the House Community and Regional Affairs Standing Committee meeting was adjourned at 9:32 a.m.