

1 IN THE HOUSE

BY FURNACE, BARNES, MARTIN,
COLLINS, HANLEY AND ZAWACKI

2

HOUSE RESOLUTION NO. 3

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IN THE LEGISLATURE OF THE STATE OF ALASKA

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SIXTEENTH LEGISLATURE - FIRST SESSION

5

Opposing revision of the Economic Limit

6

Factor.

7 BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES:

8 WHEREAS the oil industry is the largest source of public revenue and
9 royalties in the state; and

10 WHEREAS firms that comprise the oil industry have established them-
11 selves as good corporate citizens of Alaska; and

12 WHEREAS it is in the best interests of the state and its people to
13 encourage a healthy private sector economy through a stable tax policy; and

14 WHEREAS a relative oversupply of oil on world markets has introduced
15 additional risk and uncertainty to the oil industry; and

16 WHEREAS in 1981 the Legislature voted to raise the severance tax on
17 oil and gas from 12.25 percent to 15 percent; and

18 WHEREAS, through the Economic Limit Factor, or "ELF", embodied in
19 AS 43.55.013, the state has attempted to foster a business environment that
20 encourages oil production through a formulary reduction of the severance
21 tax on production from so-called "marginal" and declining fields;

22 BE IT RESOLVED by the House of Representatives that in order to fur-
23 ther encourage oil production from marginal and declining fields, espec-
24 ially during these turbulent times in world oil markets, the Alaska State
25 House of Representatives opposes any revision, through repeal or amendment,
26 of the Economic Limit Factor.