

**HB 247**  
**PUBLIC**  
**TESTIMONY**  
**(FILE 7)**

<TARGET><BILL>HB 247</BILL><SUBJECT>HB 247 PUBLIC  
TESTIMONY (FILE 7)</SUBJECT><COMM>HRES29</COMM></TARGET>

February 24, 2016

Reference: HB247 Tax,Credits,Interest, O&G

Legislators:

Having attempted to read HB247, I am strongly opposed to this bill. This bill epitomizes what is wrong in Alaska. Tax credits transferable to third parties, not expiring for years that make no sense for working Alaskans. Complicated schemes that no one could forecast the ultimate outcome of.

Stop the insanity. There is no one in State government that can match wits with Big Oil accountants. Just hiring accountants to audit all these schemes would cost a fortune. We Alaskans will always lose in that scenario. Things need to change. A totally different approach is needed.

Repeal SB21, repeal all oil and gas tax credits. Stop the impossible accounting of "new oil" or "old oil", no production taxes if oil is below \$73, transferable tax credits and all the other loop holes.

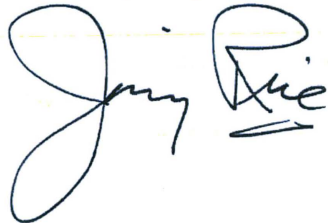
Impose a production tax for each barrel of oil produced based on percentage of market price. Alaskans cannot be cheated under this plan. There is no need to match wits with the Big Oil accountants. Look at production taxes in the rest of the world and see what is normal. Nowhere else in the world is any country giving away free oil like Alaska! STOP this now!

Impose a tax on all gas in the ground to net at least \$500 million per year until Big Oil builds a gas line. They have had decades to produce our gas and it is Alaskan's gas, not theirs. It is time for them to pay or leave. Alaska has been hoodwinked by the big corporations.

In summary, do not shift the burden of government to the people when Big Oil is using our money to drill and not paying production taxes. HB247 simply must die as it only further complicates a complex loophole mechanism crafted by oil company lobbyists to steal Alaska's resources.

Jimmy Rice 907-262-1540

P.O. Box 4063 Soldotna 99669

A handwritten signature in black ink, appearing to read "Jimmy Rice". The signature is stylized with a large, looping initial "J" and a distinct "Rice" at the end.



State Of Alaska  
Legislative Affairs Agency  
Kenai LIO  
145 Main St Lp, Ste 217  
Kenai, AK 99611  
907-283-2030

Date: 02/24/16 \_\_\_\_\_

Please accept the enclosed original(s) of written testimony  
for the \_\_\_\_\_ HRES \_\_\_\_\_ teleconference  
hearing that was scheduled on 02/24/16 \_\_\_\_\_.

A copy of this testimony was transmitted to your committee  
on 02/24/16 \_\_\_\_\_.

Thank You,

Kenai LIO

From: [tamerack@alaska.net](mailto:tamerack@alaska.net) [<mailto:tamerack@alaska.net>]  
Sent: Monday, March 14, 2016 2:08 PM  
To: Rep. Benjamin Nageak <[Rep.Benjamin.Nageak@akleg.gov](mailto:Rep.Benjamin.Nageak@akleg.gov)>  
Subject: HB247

Dear Representative,

I would like to add my comment.

I feel that the tax credit system should be fair and balanced for the state of Alaska. It seems to me from what I have read that currently it is NOT completely fair or balanced for the state of Alaska.

I am supportive of some amount of business incentives, but they should not be to the demise of the state budget. Currently, oil companies are cutting back due to low oil profits, so some of these incentives aren't valuable. Let's take a hard look at which companies are really in Alaska for the long haul and create a fair tax plan that rewards doing good and stable business here in Alaska, without jeopardizing the states primary source of income.

Fix the gaps. Refine the credits.

Thank you for your hard work.

Sincerely,

Tammie Stoops

**From:** Margo Waring [<mailto:margowaring@gmail.com>]

**Sent:** Monday, March 14, 2016 12:10 PM

**To:** Rep. Benjamin Nageak <[Rep.Benjamin.Nageak@akleg.gov](mailto:Rep.Benjamin.Nageak@akleg.gov)>; [Rep.David.Talerico@akleg.gov](mailto:Rep.David.Talerico@akleg.gov);  
[Rep.Mike.Hawker@akleg.com](mailto:Rep.Mike.Hawker@akleg.com); [Rep.Robert.Herron@akleg.gov](mailto:Rep.Robert.Herron@akleg.gov); [Rep.Craig.Johnson@akleg.com](mailto:Rep.Craig.Johnson@akleg.com); Rep. Kurt Olson <[Rep.Kurt.Olson@akleg.gov](mailto:Rep.Kurt.Olson@akleg.gov)>; Rep. Paul Seaton <[Rep.Paul.Seaton@akleg.gov](mailto:Rep.Paul.Seaton@akleg.gov)>; Rep. Andy Josephson <[Rep.Andy.Josephson@akleg.gov](mailto:Rep.Andy.Josephson@akleg.gov)>; Rep. Geran Tarr <[Rep.Geran.Tarr@akleg.gov](mailto:Rep.Geran.Tarr@akleg.gov)>; Rep. Mike Chenault <[Rep.Mike.Chenault@akleg.gov](mailto:Rep.Mike.Chenault@akleg.gov)>

**Subject:** HB 247

**To:** Members of the House Resources Committee:

It is imperative that we balance our budget by enacting a wide variety of personal and business taxes. I strongly support elimination of all oil credits, an increase in oil production taxes (which will still not adversely impact the profitability of the oil companies in the long term), a three fold increase in mining fees which have not been raised for decades and which are far lower than elsewhere).

Most importantly, I support continuation of the PFD, perhaps capped at \$1000, and its continuation as part of the earnings reserve of the PF.

I strongly support an income tax as a percent of income that exempts all low earners who do not pay federal tax.

Margo Waring  
11380 N. Douglas Hwy.  
Juneau, AK 99801

**From:** Marian Elliott [<mailto:dmelliott@mtaonline.net>]  
**Sent:** Monday, March 14, 2016 12:06 PM  
**To:** Rep. Benjamin Nageak <[Rep.Benjamin.Nageak@akleg.gov](mailto:Rep.Benjamin.Nageak@akleg.gov)>  
**Cc:** [LHSCRES@akleg.gov](mailto:LHSCRES@akleg.gov)  
**Subject:** HB 247

Dear Rep. Nageak,

I sincerely appreciate the difficulty you are facing in trying to address the current fiscal situation in a fair and honest and just manner. Thank you for your efforts. Please accept my remarks as public testimony on HB 247.

Marian Elliott  
376-5196

Honorable Mr. Nageak and committee members,

The state is heading for a major recession if we are not already there and our bond rating is more than threatened, its downgraded. The future is here. We need to begin to fix this by stopping the give away of free oil that the legislature wants to fund with the permanent fund, what amounts to a tax on every elderly, sick, poor, rural and, more and more, unemployed Alaskan, so the oil industry can get a free ride with outrageous credits. They got away with this in SB21 because it was suppose to provide JOBS. Well the last reporting period the oil industry had hired over 700 employees, of which over 500 were non-residents. That's over 70%. Along with taking permanent dividend funds which contribute to the economy statewide certain legislators propose funding this tax cut to the oil industry by cutting the University, an important ingredient to a somewhat stable state economy. The University provides jobs all around the state where University employees live and spend their income. The university generates \$5 for every \$1 invested.

Legislators need to ask "how can we sustain our future?" The answer clearly isn't diminishing permanent fund dividends and decimating the University both of which help sustain the economy. You need to first fix the oil industry give-away. Please.

Marian Elliott

**From:** Kendra Zamzow [<mailto:kzamzow@gmail.com>]  
**Sent:** Monday, March 14, 2016 1:01 PM  
**To:** Rep. Benjamin Nageak <[Rep.Benjamin.Nageak@akleg.gov](mailto:Rep.Benjamin.Nageak@akleg.gov)>  
**Subject:** HB 247

Dear Congressman Nageak:

I understand that testimony is being taken on HB 247 today. I have not had the opportunity to read the bill, but I do agree that oil and gas subsidies should be reduced.

I have used the Rasmussen interactive model to try to understand how we as Alaskans can pull together to balance the state budget. It seems there is so little we can do that meaningfully changes the budget situation -- through giving up our (non?) Permanent Fund dividends to cutting police and education.

Yet I think most of us are willing to cut our own dividends and cut some government.

Reducing subsidies to the oil industry could help tremendously. While subsidies do play a role in attracting investment, we all know this is a global game -- and Alaska is one of the safest places (stable citizenry, stable regulatory system, good infrastructure, etc) for companies to drill.

Additionally, we have only been an oil state since the mid-1970s, less than 40 years. We will eventually need to transition to a more diverse economy. Possibly one that includes more ports and shipping, more agriculture as vast parts of Alaska experience less freezing, more ship building and manufacturing. I don't know what the future looks like, but no government is stable when it relies almost entirely on a single resource. Reducing subsidies could be another step to looking at diversification.

Thank you,

Kendra  
Zamzow

**From:** Ann and Ron Keffer [<mailto:annronkeffer@gmail.com>]  
**Sent:** Monday, March 14, 2016 1:58 PM  
**To:** Rep. Benjamin Nageak <[Rep.Benjamin.Nageak@akleg.gov](mailto:Rep.Benjamin.Nageak@akleg.gov)>  
**Subject:** HB 247 - Testimony

Representative Nageak,

I am sending this e-mail as my testimony on HB 247. Would you please include the e-mail in public testimony.

My message is short and to the point. The approximately \$700 million of annual payments to oil and gas companies as tax credits and for reimbursable losses must be stopped immediately. We truly are paying them now to take our oil, and this is an intolerable situation at any time. In a time of budget crisis these payments are totally inappropriate and cannot continue. Retaining this money can allow the state to support more fully our system of education, both at the K - 12 level and at the university level.

Thank you for hearing me.

Sincerely,

Ronald L. Keffer

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Ann and Ron Keffer  
189 Island View Court  
Homer, Alaska 99603  
H: 907-235-8293, Ann's Cell: 907-299-0812  
Ron's Cell: 907-299-0821  
[annronkeffer@gmail.com](mailto:annronkeffer@gmail.com)

Dear Chairman Nageak & Talerico,

Unfortunately I am not able to participate in today's hearings on HB 247. Please accept my brief comments here. I concur with Representative Paul Seaton's view that credits are not needed to support Cook Inlet gas development and that we should stop paying them. As Paul says, the current \$5-7 per mcf price range assures that gas projects are economical absent credits, particularly in light of Enstar's and Hilcorp's recent gas deals starting at \$7.56 in 2018 and increasing to \$8.19 by 2023. In a time of budget deficit, where government is looking at measures to impose austerity on Alaskan citizens, we should not be subsidizing the oil and gas industry. The final version of HB 247 or some alternative bill should contain clear language ending the subsidy.

Thank you for considering my input.

Mike O'Meara  
Homer, Alaska

**From:** Cristian Nunez [<mailto:cris.nunez@gmail.com>]

**Sent:** Monday, March 14, 2016 2:49 PM

**To:** Rep. Benjamin Nageak <[Rep.Benjamin.Nageak@akleg.gov](mailto:Rep.Benjamin.Nageak@akleg.gov)>; Gary Zepp <[Gary.Zepp@akleg.gov](mailto:Gary.Zepp@akleg.gov)>

**Subject:** HB 247

House Resources Committee,

I'm writing in support of Governor Bill Walker's proposed HB247, instituting necessary changes to the O&G tax and tax credit system. Alaska is at risk of becoming a failed petro state because, like Venezuela and Iran, we have been addicted to oil tax revenue. It is imperative that we shift our state's focus away from oil and invest (via tax credits) in the industries of the future.

We have an opportunity to establish an equitable tax regime that is firm with O&G and fair to every other industry worthy of investment. We need to raise taxes on all extractive industries (including commercial fishing) and invest tax credits in industries that show long-term potential, such as telecom, healthcare, retail, education, and services. Please stop working on behalf of the O&G industry and start thinking strategically about what Alaska needs to prosper in a world without significant future O&G investment.

Thanks,  
Cris Nunez

5459 Cape Seville Drive  
Anchorage, AK 99516

**From:** Heather Brook Adams [<mailto:heather.brook@gmail.com>]  
**Sent:** Monday, March 14, 2016 3:17 PM  
**To:** Rep. Benjamin Nageak <[Rep.Benjamin.Nageak@akleg.gov](mailto:Rep.Benjamin.Nageak@akleg.gov)>; Gary Zepp <[Gary.Zepp@akleg.gov](mailto:Gary.Zepp@akleg.gov)>  
**Subject:** HB247 thoughts

House Resources Committee,

I'm writing in **support** of Governor Bill Walker's proposed HB247, which would institute necessary changes to the O&G tax and tax credit system. Alaska has been addicted to oil tax revenue, and I am a concerned resident who fears for the long-term fiscal viability of the state. It is past the time when we should have already shifted our state's focus away from oil and invest (via tax credits) in the industries of the future.

Oil and Gas producers are named incorrectly. These companies don't *produce* these natural resources; rather, they *extract* resources that belong to Alaska. **It is high time to establish a fair but firm tax plan that enables this industry to contribute back to the state from which they gain so much wealth.** Along with raising taxes on this and other extractive industries (such as commercial fishing), our state government should heed the long-term needs of the state and reallocate tax credits to other industries (such as telecommunication) that would improve the quality of life in Alaska. (I can't believe the poor state of digital communication in Alaska, which surely is a drag to our economy.) I trust that the legislature will take the time to think about what it can and should do for Alaskans instead of for the O&G industry.

I urge you and the rest of the legislature to stop working on behalf of the O&G industry and start working **FOR** the people of Alaska. Think strategically about what Alaska needs to prosper in a world without significant future O&G investment.

Cordially,  
Heather Adams  
[heather.brook@gmail.com](mailto:heather.brook@gmail.com)

5459 Cape Seville Drive  
Anchorage, AK 99516

**From:** Kimberly Pape [<mailto:Kimberly.Pape@caelusenergy.com>]  
**Sent:** Monday, March 14, 2016 2:52 PM  
**To:** Rep. Benjamin Nageak <[Rep.Benjamin.Nageak@akleg.gov](mailto:Rep.Benjamin.Nageak@akleg.gov)>; Rep. David Talerico <[Rep.David.Talerico@akleg.gov](mailto:Rep.David.Talerico@akleg.gov)>  
**Cc:** Rep. Paul Seaton <[Rep.Paul.Seaton@akleg.gov](mailto:Rep.Paul.Seaton@akleg.gov)>; Rep. Geran Tarr <[Rep.Geran.Tarr@akleg.gov](mailto:Rep.Geran.Tarr@akleg.gov)>; Rep. Mike Hawker <[Rep.Mike.Hawker@akleg.gov](mailto:Rep.Mike.Hawker@akleg.gov)>; Rep. Kurt Olson <[Rep.Kurt.Olson@akleg.gov](mailto:Rep.Kurt.Olson@akleg.gov)>; Rep. Bob Herron <[Rep.Bob.Herron@akleg.gov](mailto:Rep.Bob.Herron@akleg.gov)>; Rep. Andy Josephson <[Rep.Andy.Josephson@akleg.gov](mailto:Rep.Andy.Josephson@akleg.gov)>; Rep. Craig Johnson <[Rep.Craig.Johnson@akleg.gov](mailto:Rep.Craig.Johnson@akleg.gov)>; Casey Sullivan <[Casey.Sullivan@caelusenergy.com](mailto:Casey.Sullivan@caelusenergy.com)>  
**Subject:** HB 247

Dear Co-Chairs Nageak and Talerico, and colleagues:

I am writing to you today in opposition to House Bill 247.

I currently work for Caelus Energy LLC, but have been on the Alaskan oil and gas industry for 15 years. Before me, my mother worked in the industry for several years, and currently my brother-in-law also works for an oil and gas service provider. Obviously, this industry is important to my family.

I am a born and raised Alaskan, and I will admit that usually I have a pretty laissez faire perception of the effects of economic downturns on me personally. Not this time however. It's scary. I am the primary bread-winner in my family – myself, my husband and our four year old and two year old. The prospect of losing my job is terrifying. My husband is a big game guide, and even he is affected by this industry's ups and downs.

Until a very recently, we had planned to sell our house in Wasilla to move back to Anchorage to be near my family. At this point, I am not comfortable making that financial decision. I am hoping that next year sees oil back on the rise and increased stability in my industry that would allow me to make that move. But if this bill passes, in its current state, that may not be an option.

We in the industry are all struggling now. I can't understand why our legislators would even consider further penalizing an industry that already provides so much to our economic system and our community. When you are considering your path forward, please keep in mind all of the Alaskans for whom the collapse of the oil and gas industry in our state would be devastating.

**Kimberly Pape**

Cost Controller, Drilling and Completions

**Caelus Energy Alaska, LLC**

3700 Centerpoint Drive, Suite 500

Anchorage, AK 99503

907.343.2130 (d)

907.230.3740 (c)

907.343.2190 (f)



Rep. Nageak,

I have to write you today to oppose support for HB 247.

We moved here with a job in the oil business in 2004, with a company that was beginning an operation from scratch in Alaska. The potential, and the business environment was such that it looked like a good thing to do. In the end, Pioneer became the largest, most efficient, and probably best known operator in Alaska. Within a few years we employed HUNDREDS directly and as contractors working for us. Economic impact says that was probably multiplied by over 7 times that in jobs supporting these employees.

Currently we are Caelus, and Caelus wanted to buy the Pioneer assets to grow from where Pioneer left off. The shale plays in the Lwr 48 were getting the capital and it was only the tax incentives and business environment we currently have here that made Caelus invest and plan to invest much more as oil recovers. If HB 247 is passed, all this changes and it will negatively impact Caelus, the number of jobs we provide directly, and again many many more that, as our business gets reduced.

If this bill is passed, it will reduce activity and directly thus, reduce employment by a multiplicative amount around the state. This is not going to help in the long run.

Loss of jobs in a fragile community as it is, will also lower the wages available to tax if an income tax is put into effect.

Long term, the issue is oil production RATE. HB 247 will in no way help that, and will in fact result in less production.

Lastly, if Alaska changes tax regime or structure again, I fear that no industry especially oil and gas, will choose to take a chance here. My kids love it here and are now working here. We want to stay even after retirement. I can honestly say that I fear for both of these situations if we hurt the very sector that makes us work, literally.

Spending has got to be gotten under control. We can no longer be a state that has the "highest per capita" title for so many costs. I understand that Alaska is like no other state but these levels just have to be brought under control. Sacrifices all around. Hurting the golden goose is not the answer. Sacrificing 7 or more jobs to save one is not good business and it hurts any chance of ever getting back into the black.

Vernon Orange

18651 Snowy Plover

Anchorage, AK, 99516

**From:** Michael Jespersen [<mailto:mjеспerson@outlook.com>]  
**Sent:** Monday, March 14, 2016 1:40 PM  
**To:** Rep. Benjamin Nageak <[Rep.Benjamin.Nageak@akleg.gov](mailto:Rep.Benjamin.Nageak@akleg.gov)>; Rep. David Talerico <[Rep.David.Talerico@akleg.gov](mailto:Rep.David.Talerico@akleg.gov)>  
**Subject:** HB247

Dear House Resource Committee,  
Regrettably I can not testify in person or by phone today as I have a job and need to work. I'm taking a short break to send you this message.

I urge you to oppose HB247 in its current form. The State has changed the oil and gas tax structure 4 or 5 times in the last few years. This bill will increase the minimum tax 25% above current levels. At the low oil prices we see these days the current law gets more money from the industry than the old ACES structure. We are getting more now than the old law. I supported SB21 when it was in the legislature and later when it was a ballot initiative. The reason: we (the State) get more money at lower prices.

If you increase taxes on an industry as it is bleeding red ink (real money) you are telling them you want them to leave. Some companies (Apache) already have gone and more will. The ISER studies show that a job loss in the oil industry creates a ripple effect of up to 10 more jobs. Cutting a State job eliminates less than one additional job. Rather than cut private sector jobs that put more people out of work, cut state jobs. I wish no one would lose their job, but if someone must it makes sense to cut jobs that hurt the fewest people possible. CUT spending, real cuts (20% or more of the state budget) should happen BEFORE new taxes.

Driving oil companies to leave or reduce Alaska operations damages the entire state. Why are you trying to financially hurt small guys like me? I don't work in the oil industry and due to physical limitations never will. Yet when you increase oil taxes my job is jeopardized.

HB 247 reduces and eliminates oil exploration credits. While some changes may be necessary the way HB 247 does it will damage companies and force them to leave. Once gone it is unlikely they will come back even if oil prices increase. I believe you should honor current tax credits for all companies that began current work counting on those credits. Any changes to the credits should be focused on NEW projects not those currently in progress.

Please consider my view and my families livelihood before you raise taxes on Oil and Gas or any specifically targeted industry for that matter.

Respectfully,  
Michael Jespersen  
[mjеспerson@outlook.com](mailto:mjеспerson@outlook.com)  
907.317.4313

**From:** Jess Rauchenstein [<mailto:jess.rauchenstein@gmail.com>]

**Sent:** Monday, March 14, 2016 1:24 PM

**To:** Rep. Benjamin Nageak <[Rep.Benjamin.Nageak@akleg.gov](mailto:Rep.Benjamin.Nageak@akleg.gov)>; Rep. David Talerico <[Rep.David.Talerico@akleg.gov](mailto:Rep.David.Talerico@akleg.gov)>; Rep. Paul Seaton <[Rep.Paul.Seaton@akleg.gov](mailto:Rep.Paul.Seaton@akleg.gov)>; Rep. Geran Tarr <[Rep.Geran.Tarr@akleg.gov](mailto:Rep.Geran.Tarr@akleg.gov)>; Rep. Mike Hawker <[Rep.Mike.Hawker@akleg.gov](mailto:Rep.Mike.Hawker@akleg.gov)>; Rep. Kurt Olson <[Rep.Kurt.Olson@akleg.gov](mailto:Rep.Kurt.Olson@akleg.gov)>; Rep. Andy Josephson <[Rep.Andy.Josephson@akleg.gov](mailto:Rep.Andy.Josephson@akleg.gov)>; Rep. Craig Johnson <[Rep.Craig.Johnson@akleg.gov](mailto:Rep.Craig.Johnson@akleg.gov)>; Rep. Bob Herron <[Rep.Bob.Herron@akleg.gov](mailto:Rep.Bob.Herron@akleg.gov)>

**Subject:** HB 247 - Written Testimony

Dear Co-Chairs Nageak and Talerico, and House Resources Committee members,

My name is Jessica Rauchenstein; I'm a lifelong Alaskan who received a Bachelor of Science degree from UAA and started working in the Oil & Gas industry in 2004.

I am writing in opposition of HB 247, the Governor's oil tax increase legislation.

While developing and advancing my career in the O&G business over the last decade, being part of such a dynamic industry had been interesting. This industry is critical my personal economic sustainability and success, and to all in the State of Alaska. I feel like we've weathered many changes; and yet again we face new challenges, on which I've tried to educate myself.

- 1) I believe the current system is working. Even at low oil prices, Alaska has seen exploration and continued investment. We need to keep Alaska open for business, continue growth, and think of the future.
- 2) Related to HB 247, contrary to some rhetoric, tax credits are earned - not given away or loophole freebies. Companies must make significant contribution before earning credits, with contribution to our state's economy such as building infrastructure, hiring employees, buying materials, and supporting contractors and vendors in developing new technologies and processes.
- 3) Cashable net operating loss credits remain critical to the success of small, independent operators.
- 4) We need prudent public policy that will grow opportunities, attract more oil explorers and developers (especially small independents) to alleviate continued production decline and provide more revenue for the state.
- 5) Current proposals would not put more oil in the pipeline nor demonstrate a long-term commitment to growing this industry for Alaskans.

Thank you for reviewing my testimony.

Jessica Rauchenstein

**From:** David Hart [<mailto:David.Hart@caelusenergy.com>]

**Sent:** Monday, March 14, 2016 12:28 PM

**To:** Rep. Benjamin Nageak <[Rep.Benjamin.Nageak@akleg.gov](mailto:Rep.Benjamin.Nageak@akleg.gov)>; Rep. David Talerico <[Rep.David.Talerico@akleg.gov](mailto:Rep.David.Talerico@akleg.gov)>; Rep. Paul Seaton <[Rep.Paul.Seaton@akleg.gov](mailto:Rep.Paul.Seaton@akleg.gov)>; Rep. Geran Tarr <[Rep.Geran.Tarr@akleg.gov](mailto:Rep.Geran.Tarr@akleg.gov)>; Rep. Mike Hawker <[Rep.Mike.Hawker@akleg.gov](mailto:Rep.Mike.Hawker@akleg.gov)>; Rep. Kurt Olson <[Rep.Kurt.Olson@akleg.gov](mailto:Rep.Kurt.Olson@akleg.gov)>; Rep. Bob Herron <[Rep.Bob.Herron@akleg.gov](mailto:Rep.Bob.Herron@akleg.gov)>; Rep. Andy Josephson <[Rep.Andy.Josephson@akleg.gov](mailto:Rep.Andy.Josephson@akleg.gov)>; Rep. Craig Johnson <[Rep.Craig.Johnson@akleg.gov](mailto:Rep.Craig.Johnson@akleg.gov)>

**Cc:** David Hart <[David.Hart@caelusenergy.com](mailto:David.Hart@caelusenergy.com)>

**Subject:** HB247 Public Comment

Dear Co-Chairs Nageak and Talerico and members of the House Resources Committee:

My name is David Hart and I have been a resident of Alaska for 32 years and have worked in Alaska's oil and gas industry for more than 25 years in both Cook Inlet and the North Slope. I am currently the Operations and Production Manager for Caelus Energy Alaska, having worked for Caelus and its predecessor Pioneer Natural Resources for over 10 years.

I am adamantly opposed to HB247. My wife is a third-generation Alaskan, and our children are fourth-generation. We understand the value of a vibrant economy and the positive impact oil and gas investments can have on this. The Governor's oil tax increase legislation is a mis-guided solution to Alaska's current fiscal challenges.

Specifically, the bill as written will have an immediate negative impact to Caelus Energy. Caelus has spent significant money investing in long term development projects over the past several years. These investments were made under SB21 taxation policy. Changing to HB247 will disincentivize future spending by Caelus in Alaska by increasing the minimum tax and reducing incentives from the Net Operating Loss Credits. These changes significantly hurt our development economics and cause uncertainty for our investors.

SB21 is working in its current form, as seen by significant recent investment by Caelus Energy. Specifically, tax credits are not give-away's as portrayed in the media. They are earned by companies such as Caelus to help incentivize investment that might not ordinarily take place. Tax credits are working. Raising taxes on small independent oil companies like Caelus Energy who have demonstrated their desire to spend money on North Slope development projects should not be considered.

Again, I am opposed to HB247 due to it removing investment incentives to North Slope exploration companies such as Caelus Energy.

Thank you for your time,

David Hart

Sr. Manager, Operations and Production

Caelus Energy Alaska, LLC

3700 Centerpoint Dr., Suite 500 | Anchorage, AK 99503

Direct 907.343.2125 | Cell 907.244.1722

[david.hart@caelusenergy.com](mailto:david.hart@caelusenergy.com)

**From:** Mary Ann Borchert [<mailto:maborche@gmail.com>]  
**Sent:** Monday, March 14, 2016 8:51 PM  
**To:** Rep. Benjamin Nageak <[Rep.Benjamin.Nageak@akleg.gov](mailto:Rep.Benjamin.Nageak@akleg.gov)>  
**Subject:** Finance Committee deliberations HB 247

I understand you took public testimony this evening on HB 247. I didn't realize this was happening until just now. I strongly support this bill. We need to restructure the current oil and gas tax credits, as we're giving away state money. These tax credits have been a drain on the state, especially now that the income from our resources has been cut so much.

Restructuring these tax credits would keep more in state coffers at a time when we all know that we need it. Finding new sources of income are very important for us now, not just trying to cut out programs that individuals do not like or do not understand. I am especially concerned about the cuts to education and support people in the state. We don't need to support oil companies by giving them a rebate if they lose money this year with the low price of oil. We need to support those of us who live in the state and who plan to stay here.

Please support HB 247. Thank you. Mary Ann Borchert

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Mary Ann Borchert  
Educational Consulting  
2450 Locksley Ct.  
Fairbanks, AK 99709  
907-479-2087 (cell 907-888-2972)



March 14, 2016

Dear Legislature,

Re: HB247 – Vote No

The Matsu Business Alliance, Inc. strongly opposes the governor's bill HB247 to change the oil and gas production tax structure that includes raising the minimum tax from four to five percent, a 25% increase. This is JOB KILLER.

According to a recent presentation by the Alaska Department of Labor and Workforce Development, 10% of the current residents in the Matsu work on the North Slope and 1% work on the Kenai Peninsula. The reason our residents are able to live in the Matsu and work around the state is because of the rotation schedule and affordable housing.

The government needs to stop competing with the private sector and let the private sector create the jobs.

We thank all of those legislatures that will vote No on the governor's bill and believe in the private sector.

Sincerely,

Crystal Nygard, CEO  
MatSu Business Alliance, Inc.



March 14, 2016

Re: Objection to HB247

My name is Nancy Trunnell, owner of AES Electric Supply Inc., a small woman owned business who has been doing business in Fairbanks for the past 26 years. Today I would like to voice my objection to HB247. I feel that the passage of this bill is in conflict with SB21, which the governor stated he would not hinder. We cannot be a pendulum that swings back and forth by way of giving incentives for exploration, and then taking it back after companies have become vested in development.

Alaska is currently experiencing an economic downturn. Companies both large and small have scaled back or suspended operations, due to low oil prices. The companies that have remained are trying to continue with exploration and but are now faced with losing their credits before given the time to complete critical phases of development

Let's focus on how Alaska can become a place where people want to continue to make investments and long term commitments. We have to look at ways to reduce expenditures and raise revenues that will not stifle exploration. House Bill 247 is the not the answer to accomplish the task of balancing the budget. We cannot afford to stop the clock again.

Sincerely,

A handwritten signature in black ink that reads "Nancy Trunnell". The signature is written in a cursive, flowing style.

Nancy Trunnell  
President  
AES Electric Supply Inc.  
3350 Trailer Street  
Fairbanks, Alaska 99709  
PH: 907-474-2075  
FX: 907-474-2076  
E: [nancy@aes-electric.com](mailto:nancy@aes-electric.com) or [payable@aes-electric.com](mailto:payable@aes-electric.com)

**From:** Bell, Chris [<mailto:Chris.Bell@pcepacific.com>]  
**Sent:** Monday, March 14, 2016 4:29 PM  
**To:** Sen. Kevin Meyer <[Sen.Kevin.Meyer@akleg.gov](mailto:Sen.Kevin.Meyer@akleg.gov)>; Rep. Bob Lynn <[Rep.Bob.Lynn@akleg.gov](mailto:Rep.Bob.Lynn@akleg.gov)>  
**Subject:** No on HB 247

Senator Meyer/Representative Lynn,

I attempted on a couple occasions to email to a link provided for public comment but it failed. So I am hoping that your office will get into the correct hands!

I would like to express my disapproval to HB247. It is my belief the current tax structure put in place, SB21, is not the fault of the current state fiscal crisis and should not be changed.

I work for a company that provides products and services to the oil & gas industry. When the tax structure was changed from ACES to SB21, I saw my quote log swell from \$250K to \$2.5 Million. If it were not for the sudden crash in oil prices, I'd have seen a dramatic increase in business. To change this structure now would only create more uncertainty, and put Alaska back down to the bottom of the list of favorable places for oil & gas investment.

To me HB247 seems like a knee jerk reaction that will in the long run hurt the state's ability to collect on oil revenue. To change a tax structure that had encouraged development prior to a crash in oil prices would be ludicrous.

Best regards,

**Chris Bell** | Product Specialist | Instrument & Automation Division

**PCE Pacific, Inc.** | 4730 Business Park Blvd., Suite H-18 | Anchorage | AK | 99503

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[chris.bell@pcepacific.com](mailto:chris.bell@pcepacific.com)

An Exclusive Emerson Process Management Local Business Partner

**From:** Lyndon Ibele [<mailto:lcibele@gci.net>]  
**Sent:** Tuesday, March 15, 2016 11:44 AM  
**To:** Rep. Benjamin Nageak <[Rep.Benjamin.Nageak@akleg.gov](mailto:Rep.Benjamin.Nageak@akleg.gov)>  
**Subject:** Opposition to HB247

Dear Rep Nageak,

I have been employed as an oil industry professional for 35 years, with over 20 years in Alaska. I presently work for a very small privately owned company with gas wells on the Kenai peninsula. I can tell you that they are very concerned about the potential negative impacts of changing the current taxes and credits structure. The uncertainty weighs heavily on future investment decisions, and is negatively affecting their outlook for additional investment in Alaska. I suspect this is true for all producers and explorers in Alaska.

Now is NOT the time to increase taxes or make other changes that erode confidence in the Alaska's oil and gas business climate.

I am opposed to HB 247.

Lyndon Ibele, PE

Anchorage, Alaska

**From:** Dale Hoffman [<mailto:dale@ak.net>]

**Sent:** Monday, March 14, 2016 2:31 PM

**To:** Rep. Benjamin Nageak <[Rep.Benjamin.Nageak@akleg.gov](mailto:Rep.Benjamin.Nageak@akleg.gov)>; Rep. David Talerico <[Rep.David.Talerico@akleg.gov](mailto:Rep.David.Talerico@akleg.gov)>

**Subject:** Public Testimony in opposition of HB 247

Co-chairmen Nageak and Talerico,

Please note my opposition to HB 247. As a board member and strong supporter of the Alaska SeaLife Center (ASLC) I am concerned about the impact on funding for the center as the oil and gas industry not only loses revenue from lower prices, but also will take a drubbing due to state fiscal policy in the proposed removal of tax credits. ASLC gets significant funding from oil companies, including Shell, BP, ConocoPhillips and Caelus. As they make less, they fund less and ultimately, like Shell, leave the state and take their support with them.

For a state which has over the past several decades funded 90% of its budget from the oil and gas industry to further take money from it is counter-productive in the effort to balance the state budget. The State of Alaska finds itself in a tenuous situation. Please don't make it worse by implementing yet another fiscal regime on the oil and gas industry.

Thank you for the opportunity to comment. These comments are mine alone and not authorized on behalf of ASLC.

Dale Hoffman

Anchorage, AK 99515

**From:** Alicia Orange [<mailto:orangea8284@gmail.com>]

**Sent:** Monday, March 14, 2016 5:04 PM

**To:** Rep. Benjamin Nageak <[Rep.Benjamin.Nageak@akleg.gov](mailto:Rep.Benjamin.Nageak@akleg.gov)>; Rep. David Talerico <[Rep.David.Talerico@akleg.gov](mailto:Rep.David.Talerico@akleg.gov)>; Rep. Mike Hawker <[Rep.Mike.Hawker@akleg.gov](mailto:Rep.Mike.Hawker@akleg.gov)>; Rep. Paul Seaton <[Rep.Paul.Seaton@akleg.gov](mailto:Rep.Paul.Seaton@akleg.gov)>; Rep. Craig Johnson <[Rep.Craig.Johnson@akleg.gov](mailto:Rep.Craig.Johnson@akleg.gov)>; Rep. Andy Josephson <[Rep.Andy.Josephson@akleg.gov](mailto:Rep.Andy.Josephson@akleg.gov)>; Rep. Bob Herron <[Rep.Bob.Herron@akleg.gov](mailto:Rep.Bob.Herron@akleg.gov)>; Rep. Kurt Olson <[Rep.Kurt.Olson@akleg.gov](mailto:Rep.Kurt.Olson@akleg.gov)>; Rep. Geran Tarr <[Rep.Geran.Tarr@akleg.gov](mailto:Rep.Geran.Tarr@akleg.gov)>

**Subject:** Opposition to HB 247

To the Co-chairs and members of the House Resources Committee,

I am writing in opposition of HB 247, the Governor's oil tax increase legislation.

I have lived in Anchorage since 2004 and have been working at an oil and gas consulting company in a geoscience technical support role since 2006. I am very concerned that, with the low price of oil and the shrinkage that has already taken place, care must be taken to help, NOT hinder, the exploration and development of oil and gas resources in AK.

I have seen the number of our clients drop dramatically over the last year or so, and friends who work on the North Slope are also finding contracts in industries that support oil and gas activity postponed indefinitely or cancelled, and it is a real concern for all of us. These are some of the short term consequences; probably more important in the big picture are the longer term consequences to Alaska in general, as it could take YEARS to build the oil and gas industry back up.

HB 247 will hurt, not help, so I urge you to please oppose it.

Thank you,  
Alicia P. Orange  
18651 Snowy Plover Cir.  
Anchorage, AK 99516

**From:** Pete Stokes [<mailto:pstokes@petroak.com>]

**Sent:** Monday, March 14, 2016 5:12 PM

**To:** Rep. Benjamin Nageak <[Rep.Benjamin.Nageak@akleg.gov](mailto:Rep.Benjamin.Nageak@akleg.gov)>; Rep. David Talerico <[Rep.David.Talerico@akleg.gov](mailto:Rep.David.Talerico@akleg.gov)>

**Cc:** Rep. Paul Seaton <[Rep.Paul.Seaton@akleg.gov](mailto:Rep.Paul.Seaton@akleg.gov)>; Rep. Geran Tarr <[Rep.Geran.Tarr@akleg.gov](mailto:Rep.Geran.Tarr@akleg.gov)>; Rep. Mike Hawker <[Rep.Mike.Hawker@akleg.gov](mailto:Rep.Mike.Hawker@akleg.gov)>; Rep. Kurt Olson <[Rep.Kurt.Olson@akleg.gov](mailto:Rep.Kurt.Olson@akleg.gov)>; Rep. Bob Herron <[Rep.Bob.Herron@akleg.gov](mailto:Rep.Bob.Herron@akleg.gov)>; Rep. Andy Josephson <[Rep.Andy.Josephson@akleg.gov](mailto:Rep.Andy.Josephson@akleg.gov)>; Rep. Craig Johnson <[Rep.Craig.Johnson@akleg.gov](mailto:Rep.Craig.Johnson@akleg.gov)>

**Subject:** Don't Upset Our Stable Oil and Gas Fiscal System with HB247

Co-Chairs Nageak and Talerico and Members of the House Resources Committee:

Although the State is in a budget crises due to the low price of oil, the current producers are producing at a loss at current prices. New developers are unable to finance developments due to the uncertainty of the State's position on credits.

The multifaceted provisions in HB 247 result in a tax increase at current levels and eliminates credits that will allow new development to be brought on in future years.

I am a consulting petroleum engineer with 35 years of oil and gas experience in Alaska, California, Oklahoma, Indonesia and Texas. Nowhere but Alaska changes their fiscal regime as often as the State of Alaska.

We finally made our fiscal terms attractive to investment with the passage of SB21 which has allowed the NS production to have flattened in 2015.

Additionally, the State is actually collecting more revenue at these low prices than if ACES were still in effect.

If we make changes the fiscal system at these low prices, it will drive away investment for existing fields and cause new fields to not be developed. This will result in not being able to have higher or less declining production rates when the oil price returns to \$60+ BOPD.

Please do not change the current oil and gas fiscal system with the changes proposed in HB247.

Very Truly Yours,  
Pete Stokes

Peter J. Stokes, PE & MBA  
Cell Phone: (907) 223-6220

Petrotechnical Resources of Alaska  
3601 C Street Suite 822  
Anchorage, AK 99503  
Phone: (907) 272-1232  
Fax: (907) 272-1344

Email: [pstokes@petroak.com](mailto:pstokes@petroak.com)

**From:** Greg Sanders [<mailto:greg.sanders.ak@gmail.com>]  
**Sent:** Monday, March 14, 2016 4:50 PM  
**To:** Greg Sanders <[greg.sanders.ak@gmail.com](mailto:greg.sanders.ak@gmail.com)>  
**Subject:** Opposition to HB-247

To members of the House Resources Committee:

My name is Greg Sanders, 30 year Alaska resident, husband and father of two boys.

I stand in opposition to the proposed HB-247, as written because of the negative impact it would have to the oil economy of the North Slope oil producers, including small independents. This bill would impact local Anchorage economic health due to job losses and lack of new company investments into the state due to low investment returns.

Changing oil taxes often is chilling to any oil and gas investor since there is a lack of long term stability in tax structure. And a long term (high) tax structure is not the solution!

The State of Alaska has an inherent high cost of business due to the remote nature, and must incentivize risk taking to help stabilize the TAPS downward trend. Raising production taxes and cancelling investment credits is not the way to do it!

regards,

Greg Sanders

**From:** Gretchen Stoddard [<mailto:mgstoddard@gci.net>]

**Sent:** Saturday, March 19, 2016 1:46 AM

**To:** Rep. Benjamin Nageak <[Rep.Benjamin.Nageak@akleg.gov](mailto:Rep.Benjamin.Nageak@akleg.gov)>; Rep. David Talerico <[Rep.David.Talerico@akleg.gov](mailto:Rep.David.Talerico@akleg.gov)>

**Cc:** Rep. Paul Seaton <[Rep.Paul.Seaton@akleg.gov](mailto:Rep.Paul.Seaton@akleg.gov)>; Rep. Geran Tarr <[Rep.Geran.Tarr@akleg.gov](mailto:Rep.Geran.Tarr@akleg.gov)>; Rep. Mike Hawker <[Rep.Mike.Hawker@akleg.gov](mailto:Rep.Mike.Hawker@akleg.gov)>; Rep. Craig Johnson <[Rep.Craig.Johnson@akleg.gov](mailto:Rep.Craig.Johnson@akleg.gov)>; Rep. Kurt Olson <[Rep.Kurt.Olson@akleg.gov](mailto:Rep.Kurt.Olson@akleg.gov)>; Rep. Bob Herron <[Rep.Bob.Herron@akleg.gov](mailto:Rep.Bob.Herron@akleg.gov)>; Rep. Andy Josephson <[Rep.Andy.Josephson@akleg.gov](mailto:Rep.Andy.Josephson@akleg.gov)>

**Subject:** Oil taxes, tax credit comments from a South Anchorage working Mom

RE: Oil Tax Credits, Oil Taxes, and the Budget

Hello,

Thank you for working hard on these issues, and thank you for offering evening testimony on the important budget issues and issues related to oil tax credits and petroleum production taxes. I went to the Anchorage LIO at about 7:30 pm on Monday 3/14 to testify. The front door was locked, so I was confused about public testimony from 6 to 8 pm. The good news was... plenty of parking!

I live in Anchorage, District 28. I understand we have a big budget problem, and no one item will fix it. I do encourage you to continue forward with the hard decisions. The longer we wait, then the worse the problem will be I think. I also believe the state budgets do not have to immediately chase a balanced budget based on current oil prices... hopefully we are in a current low price per barrel and it will increase in the future. Whatever happens, I expect that state and local government will end up costing my family more in the future. I can accept that as long as the unpleasant budget realities are spread between various user groups, employers/ employees, state regions, and industries. If the legislative season ends, a variety of undefined cuts are proposed, cuts are negotiated away in the final days, and then the only progress at the end of the year is an increase in dollars going from the oil field to the state treasury with a decrease in tax credits.... That would be the ultimate failure of a legislative session to my family interests.

I work for an oil and gas producing company. Tax credits changed our family economics, and we continue to benefit. I mostly accept that tax credits may have to change. I do want everyone to know that I live here I spend money here. Tax credits encourage the projects they cover, they work, and parts of them are spent in Alaska. With the size of our deficit, I do have to partially agree some modifications may be needed. I have to agree that some of the payments discourage me in the current budget environment... but a lot of items about other areas of state and government spending also discourage me. I will grudgingly accept we might need some modifications in the areas that hurt our family budget... I hope other Alaskans will do the same.

I fear the state of Alaska requiring more production tax revenue, then companies reducing capital spend, and then declining production curves. Most areas of Alaska oil production do not have a lot of profit now that can be diverted to state revenues to pay for our deficits. In the past, we have required petroleum to pay for most of our state government. We almost had enough money for some really great programs! It is time to realize petroleum can continue to produce revenue now and in the future, but production is going to decline. It will probably decline even more if

we choose to withdraw too much now. Between royalties, property taxes, transportation costs, and corporate income taxes, there is not much overall profit to encourage the oilfield capital spending projects needed to maintain current levels or moderately declining production. That is a real problem, and I feel Alaska government will hurt my family if we change the oil tax structure and we pretend that oil should pay more to fix our problems.. again, still, the same answer again has to end sometime.

I am a working Mom, my son attends South High/ Anchorage School district, I work for an oil and gas producer, my husband sells safety supplies, and oil tax credits help my family finances significantly. We enjoy and rely on a smooth functioning city and schools. I do not think we will get to a budget status based only on cuts, or only on new taxes or any one item. I understand there will be changes that go beyond unpleasant, but please do not think that oil tax credit spending only helps out of state companies. Its Our Future... just a little different way than the ads say.

Thank you for all your work.

Gretchen Stoddard

13720 Arboretum St

Anchorage, AK 99516

**From:** Doug Woodby and Mary Hausler [<mailto:dougnmary@gci.net>]  
**Sent:** Tuesday, March 22, 2016 1:21 PM  
**To:** Rep. Benjamin Nageak <[Rep.Benjamin.Nageak@akleg.gov](mailto:Rep.Benjamin.Nageak@akleg.gov)>  
**Subject:** HB 247

Dear Representative Nageak,

I am writing to oppose the substitute for HB 247.

I am fully willing to tighten my belt, pay a fair state income tax, and receive a reduced PFD. And the oil industry should stop asking for special treatment with such huge, outsized subsidies.

Thank you for considering my comments.

Doug Woodby  
3240 Nowell Avenue  
Juneau, AK 99801