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# Alaska State Legislature

## Senate

JUNEAU, ALASKA

January 27, 1975

The Honorable Jay Hammond  
Governor of Alaska  
Pouch A  
Juneau, Alaska 99811

Dear Governor Hammond:

On several occasions the Legislature's oil and gas consultants have suggested that the state should thoroughly explore our corporate tax laws with regard to the oil and gas industry. The last session of the Legislature directed the Legislative Council, by House Concurrent Resolution 78, to perform a tax study including this, as well as other areas. You indicated in your budget message that your Administration was considering introducing legislation in the field of corporate tax revision specifically affecting the oil and gas industry.

To expedite the work of the Legislature and to coordinate legislative activities with your Administration, I am today appointing a special committee to examine all aspects of state tax structure, with special regard to the oil industry. Specifically, I am asking the Special Committee on Taxation and Revenue to review the following areas:

1. The corporate tax structure.
2. The corporate tax structure of the oil industry with particular emphasis on such things as percentage depletion allowance and investment tax credit.
3. The advantages and disadvantages of taxation of oil in place by elimination of the present exemption.

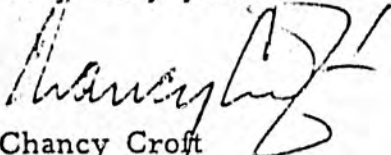
The Honorable Jay Hammond  
January 24, 1975  
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4. Possible revision of the severance tax law in light of increasing oil prices.
5. The difference between rates of taxation of oil and of gas.
6. Such other matters relating to taxation of the oil and gas industry in particular, and taxation in general, as it deems advisable.

The membership of the committee is: Senator John Huber of Fairbanks, Chairman; Senator Pat Rodey of Anchorage and Senator Joe Orsini of Anchorage, members. The Committee will coordinate its activities with the Chairman of the Senate Natural Resources and Senate Finance committees. In addition, it will meet with our oil and gas consultants and will meet with members of your Administration if you so desire. Obviously, a task of this magnitude will require cooperation between the Administration and the Legislature, and I would appreciate your extending to the Committee every consideration normally extended to standing committees of the Legislature.

A study of this type, if it is to be done with accuracy and thoroughness, will extend over a considerable period of time. However, I am asking the members of the Committee to expedite its work so that matters which could be considered at this Session of the Legislature will be ready for presentation to the Legislature by March 15, 1975. Those matters which the Committee cannot consider and report on during the First Session of the Ninth State Legislature will be coordinated with the Legislative Council for further analysis.

Very truly yours,



Chancy Croft  
President of the Senate

January 30, 1975

The Honorable Chancy Croft  
President of the Senate  
Alaska State Legislature  
Juneau, Alaska 99811

Dear Mr. President:

I applaud the appointment of the Special Committee on taxation and revenue. It is most crucial that the areas of concern you enumerated be thoroughly evaluated during this Session if possible.

Members of my Administration have been instructed to accord the Committee every cooperation.

Very truly yours,

Jay S. Hammond  
Governor

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