KEEP ALASKA COMPETITIVE

JOIN US

HOW YOU CAN HELP:

- Join us at KeepAlaskaCompetitive.com and sign up for E-newsletters.
- Like us on Facebook.
- Contact your legislator. Find out how at http://tiny.cc/contact-ak-legislature

In these challenging times, it's critical to KEEP Alaska Competitive

The Governor has proposed a major revision to Alaska's oil and gas tax policy that would significantly raise taxes and repeal anchor tax credits. The industry is already struggling for survival, and this legislation will deter additional investment and choke off vital future production.

Oil prices at historic lows:

- Oil prices today (when adjusted for inflation) are the lowest since the mid-1980s.
- At today's prices, Alaska North Slope producers lose about $20 on each barrel of oil they produce – and some producing fields are operating at a loss.
- Companies are cutting costs and making choices about where best to spend their money in both exploration and investment.

Proposals to change oil and gas tax system and credit creates uncertainty and instability.

- The Governor's proposal would be the sixth major change in the last 11 years.
- Raising taxes when prices go up or down is short-sighted and punitive – making investors nervous.
- As Hilcorp President Greg Lalicker explains: "More than anything, changing rules and taxes every few years is a sure way to scare investment away." Hilcorp's billion-dollar-plus investment in Cook Inlet has reinvigorated the region, turning a gas shortage into a gas surplus.

Proposed changes are nothing more than a blind cash-grab with no idea of their effects on Alaska's energy industry or its economy.

- Proposed changes are not being done because the legislation needed fixing, but because Alaska needs money. No economic analysis was done on the changes before they were introduced. In fact, a full economic analysis of the effects on industry, future exploration, production, employment and local economies has not yet been completed.

  "The motivation to go down this path and look at credits was the budget," Department of Revenue (DOR) Commissioner Randall Hoffbeck acknowledged at a House Resources meeting.

Even in these challenging times, oil still provides 67% of Alaska's revenues and supports one-third of our economy. The last place we should look for new revenue is to unfairly tax the industries that drive our economic future. If we push them away, our economic future will be hopeless.

P.O. Box 220884, Anchorage, AK 99522 | 907.569.7070

KEEP ALASKA COMPETITIVE

JOIN US

HOW YOU CAN HELP:

- Join us at KeepAlaskaCompetitive.com and sign up for E-newsletters.
- Like us on Facebook.
- Contact your legislator. Find out how at http://tiny.cc/contact-ak-legislature

Here's what Governor Walker has proposed:

- Increase minimum production tax by 25% at a time when companies are already losing money. Small companies and new Alaska companies would see tax go from zero (when they are not yet making profits) to 5% – accelerating their losses.
- Remove flexibility in the way tax credits can be used by disallowing how companies can carry credits earned from month to month.
- Set an arbitrary $25 million credit limit for all projects – regardless of size and scope.
- Eliminate Cook Inlet credits – It was just four years ago that we were talking about rolling brown-outs in Southcentral Alaska because of lack of supply of natural gas. These credits stimulated a resurgence in Cook Inlet exploration and production that has erased supply fears in the short term.
- Waive critical confidentiality provisions, which may well be unconstitutional and a violation of SEC rules and regulations.

Effects of Governor Walker's tax policy:

- Companies will have less incentive to invest in Alaska.
- Companies would be forced to pay additional taxes even when they are producing oil at a loss.
- Elimination of Cook Inlet credits could create a decline in available natural gas to the Railbelt and beyond – at a time when Alaskans need reliable energy options.
- Forcing companies to make further cuts to planned Alaska exploration and production projects will also hurt the state's economy, now and in the future.

WHO WE ARE:

KEEP Alaska Competitive is a 501(c)(6) organization composed of individual Alaskans, Alaska Native organizations, businesses and labor groups who care deeply about our long-term economic future. We do not take contributions from oil producers.

OUR MISSION:

To support a competitive and balanced oil tax policy that increases investment, oil production and jobs to secure Alaska's economic future.

Please visit KeepAlaskaCompetitive.com to learn more about supporting Alaska's economic future.
P.O. Box 220884, Anchorage, AK 99522 | 907.569.7070