



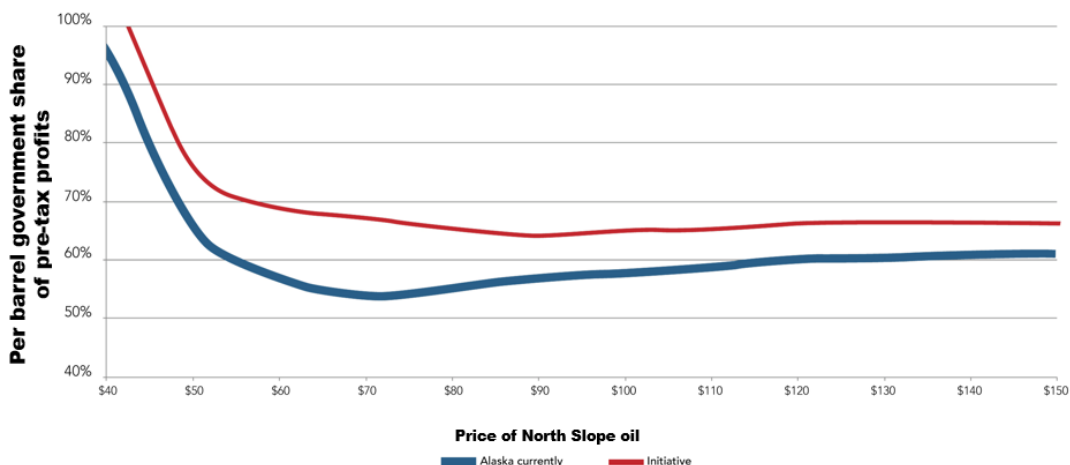
Ballot Measure 1 increases oil taxes too far, too fast and puts the economy at risk

Alaska's economy depends on a healthy oil industry to fund essential public services, the Permanent Fund, and critical infrastructure. Yet sponsors of Ballot Measure 1 acknowledge this measure would increase taxes by at least \$1 billion and independent economic analysis says it represents a 300 percent-plus increase at \$60 per barrel oil prices and a total government take of just over 70 percent.

A tax increase of this magnitude will make Alaska less competitive. A less competitive Alaska will impact investment and could eliminate or postpone promising oil development projects, ultimately resulting in fewer jobs for Alaskans, less oil down the pipeline, and less long-term revenue for the state.

Under the current tax structure, Alaska's oil production is finally stabilizing after years of sharp decline, and new development projects will help bring Alaska out of recession. However, if the ballot measure passes, it would pose a severe threat to new investment and new jobs, especially in these economic times. The ballot measure would be a short-term tax gain at the cost of long-term oil production and state revenue.

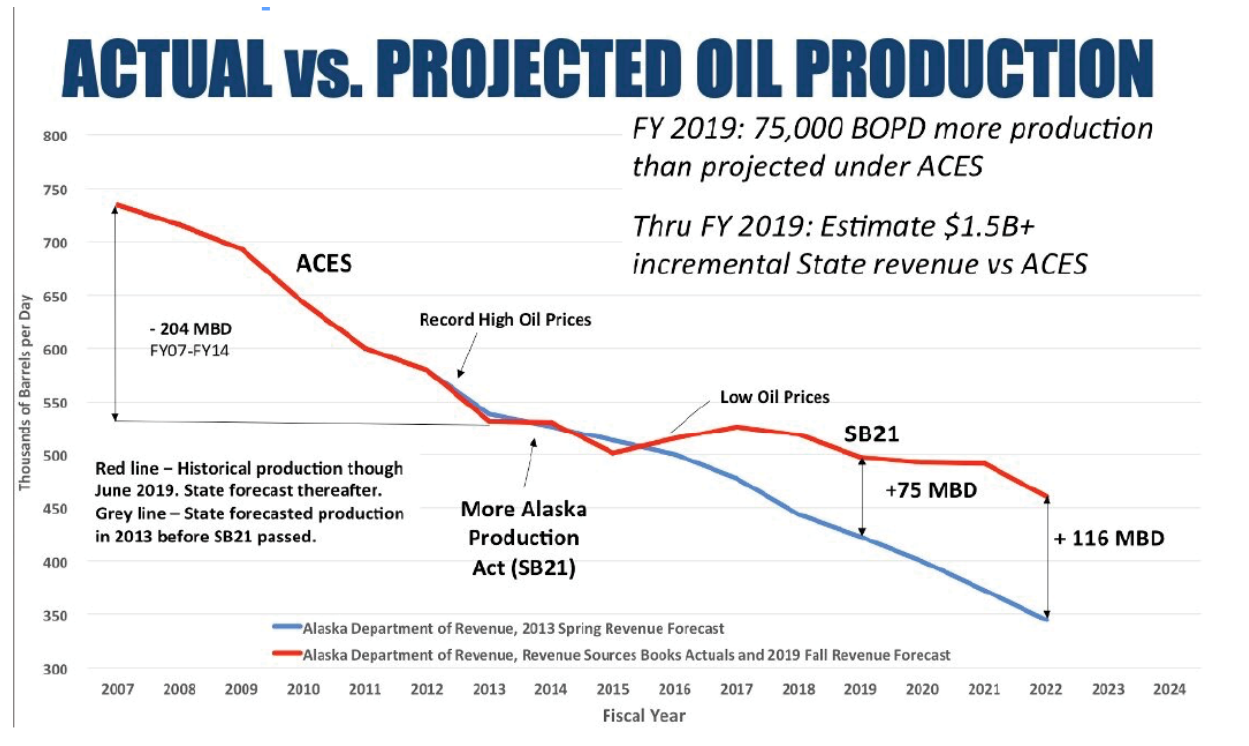
GOVERNMENT SHARE AFTER EXPENSES



Alaska today has the highest unemployment rate in the nation. Following the oil price crash a few years ago, the oil industry lost several thousand jobs and had just begun to turn the corner toward recovery when the pandemic hit.



“With at least one-quarter of all Alaska jobs tied to the oil and gas industry, there couldn’t be a worse time to enact such a punishing and massive tax increase on our largest income-producing industry to the State treasury,” said RDC executive director Marleanna Hall. The ballot measure sponsors falsely claim that a tax hike of the magnitude proposed on over 80 percent of the production will not hurt economic growth or good-paying jobs that help drive the local and state economy.



“No industry in Alaska can sustain the level of tax increases outlined in the ballot measure without it impacting future investment, production, and jobs,” Hall said.

Every direct Alaska oil industry job creates 15 more jobs in the state. A healthy oil industry funds public services, the Permanent Fund, and infrastructure. The workforce employed by the industry impacts all parts of the Alaskan economy.

Ballot Measure 1 was drafted by a small, private group with no public input, hearings, or scrutiny by independent economic experts or the Alaska State Legislature. Hall said this is troubling since changing state oil tax law requires careful study, because the impacts are significant and long-term.

In its analysis of the measure, the Alaska Department of Law stated, “the vagueness of the language and the lack of definitions would lead to numerous implementation and potential constitutional concerns post-enactment.”



RDC Executive Committee member Kara Moriarty emphasized, “Alaska’s current oil tax structure is working for Alaskans because it is producing more oil and more revenue for the state than was projected under the tax structure it replaced.” She explained that prior to the most recent collapse in oil prices, production was approximately 75,000 barrels per day higher than projected, and oil tax revenues were \$1.5 billion above what was expected since SB 21 passed.

Moriarty, who serves as President and CEO of the Alaska Oil and Gas Association, pointed out that North Slope producers have paid state taxes every year since oil was produced.

Since 2014, Alaska received over \$8.7 billion in taxes and \$13.8 billion in total state revenue from oil companies, which accounts for approximately 90 percent of Alaska’s tax revenue from business.

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