



# Alaska State Legislature House and Senate Democrats

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## ***Oil Company Profits Soar Further: This Week State Says At Current prices Corporate Profits Exceed State Oil Revenue By \$1.9 Billion.***

JUNEAU – This week the State's Chief Oil Economist, Chuck Logsdon, provided new calculations showing soaring oil company profits at recent high prices. Yesterday West Coast Prices for Alaska North Slope Crude Oil reached \$36.68/barrel.

If prices averaged \$36.68/barrel, oil company profits from North Slope Crude oil would soar to approximately \$4.5 billion/year. That amount in profits would dwarf the amount the State of Alaska receives in total revenue for North Slope oil. Corporate profits would exceed state revenue for the state's oil by \$1.9 billion.

"Alaska's oil tax structure is far off balance," said Rep. Les Gara. Six Democrats have proposed changes in Alaska's oil tax structure to require that the state receive a fair share for its oil. "I support this legislation because I believe it is fair – fair to the state and fair to industry," said Sen. Hollis French, sponsor of SB 221. HB 441 and SB 221 would modestly raise taxes at high prices, and reduce taxes at low prices.

Today, no matter how high oil prices go, 150,000 barrels of oil will leave the state paying effectively a 0% Production Tax. A more detailed explanation of these bills is attached. In addition to Rep. Gara and Sen. French, sponsors of these bills are Democrats Lyman Hoffman, Kim Elton, David Guttenberg, Beth Kerttula and Eric Croft.

While the bills would result in a fair share for Alaska oil, they also contain protections for oil companies that produce marginal fields. The bills leave in place Alaska's "Royalty Relief" law, which reduces the state's 12.5% Royalty Oil share if a producer can show a field needs tax breaks to be produced.

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## ***Putting Alaskans First · Moving Alaska Forward 2004***

Sen. Bettye Davis, Sen. Johnny Ellis, Sen. Kim Elton, Sen. Lyman Hoffman, Sen. Hollis French, Sen. Gretchen Guess, Sen. Georgianna Lincoln, Sen. Donny Olson, Rep. Ethan Berkowitz, Rep. Sharon Cissna, Rep. Harry Crawford, Rep. Eric Croft, Rep. Les Gara, Rep. Max Gruenberg, Rep. David Guttenberg, Rep. Reggie Joule, Rep. Mary Kapsner, Rep. Beth Kerttula, Rep. Albert Kookesh, Rep. Carl Moses