



# Alaska State Legislature House and Senate Democrats

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## ***House Hearing On Oil Tax Bill Wednesday Morning.***

***Bill would Raise Approx. \$400 - \$500 million in Additional Revenue at Current Fiscal Year Oil Prices.***

JUNEAU – On Wednesday at 7 a.m. the House Ways and Means Committee will hear HB 441, which would adjust the state's oil tax structure.

“Alaska's Constitution requires that we ‘maximize’ the revenue received by the state for our oil resources. We are not doing that, and this bill will put us back on track to meet our constitutional obligations,” said Rep. Les Gara. Seven 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, prime-sponsor of the Senate companion bill, SB 321. HB 441 and SB 321 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. More than a half dozen fields that pay no production tax are included in the United States Government's list of the nation's largest 100 oil fields. While the bills would result in a fair share for Alaska oil, they leave strong incentives 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.

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.

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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