



# ALASKA STATE LEGISLATURE

## News from the House Majority

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## House Passes Oil Tax Legislation

(JUNEAU) – Late this afternoon, the House of Representatives passed an amended version of HB 3001, the Governor’s oil and gas production tax legislation.

House Finance Committee Co-Chair Mike Chenault said of the legislation, “This bill represents countless hours of work on the most important piece of legislation to pass the House in years. The bill includes a progressivity tax which provides additional tax revenues to Alaska when prices are high; a mechanism to allow producers to ‘buy down’ their tax rate based on their investment which Alaska needs to offset production decline; a high tax for those producers that choose not to invest in Alaska, and the opportunity to review and correct this legislation in 2011.”

HB 3001 was amended in the House Finance Committee to include an investment based tax rate. The base rate will be increased to 25 percent with provisions that allow energy companies who reinvest their profits in Alaska to reduce that rate to a floor of 20 percent if their investment increases. If companies maintain their current investments in Alaska, the rate would be approximately 22.5 percent.

Finance Committee member Representative Mike Hawker (R-Anchorage) applauded the efforts of the House. “This bill is a triumph for statesmanship in the House. Members with sincerely held positions on opposite sides of the issue worked together and achieved a compromise that works. We can now turn our attentions to the greater issue of getting Alaska’s natural gas to market.”

Representative Ralph Samuels (R-Anchorage) was also pleased with the work of the House. “I think that this compromise will work to increase industry investment in Alaska. We desperately need to increase the flow of oil coming down the pipeline.”

“We have twice failed to pass an oil severance tax increase. This bill, with a variable tax rate between 20-25% and a robust progressivity provision will raise over \$2 billion more for Alaska for 2006 than the broken ELF. I worked hard helping to get this bill to the floor and believe it has a reasonable shot at acceptance by the Legislature and Administration. Am I perfectly happy with it? No one is. But it’s a good compromise bill and it will slam the door on the \$6 million per day leak in the value and price of our commodity,” said Representative Mike Kelly (R-Fairbanks).

HB 3001 now moves to the Senate for consideration.

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