



Alaska State Legislature Senate Majority News

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PPT Legislation Passes Alaska Senate

SB 305 Delivers Additional \$1.6 Billion in Revenue Per Year

(JUNEAU) – Today the Alaska Senate passed the Petroleum Production Tax bill (SB 305) that encourages new oil exploration and production and generates additional revenue for the state.

“This legislation modernizes our petroleum tax structure by bringing it in line with how other oil producing regions of the world tax this non-renewable resource. I’m proud to say this bill will serve Alaskans well by bringing in plenty of new revenue for schools, roads and public safety for many years to come,” said Sen. Lyda Green (R – Wasilla).

Senate President Ben Stevens (R – Anchorage) calls the bill a win-win for the industry and the people of Alaska. “Oil production on the North Slope is falling fast and the state needs to do all it can to halt the slide. This bill creates incentives for the major producers and independents that will eventually put more oil in the pipeline, maintain and create new job opportunities for Alaskans and generate more revenue for the state.”

SB 305 highlights:

- 22.5% tax rate on production with a 25% credit rate for capital expenditures.
- Progressivity. State receives more revenue when the price of oil rises above \$50 per barrel. (Based on today’s oil prices, the state can take in an estimated \$1.6 billion per year in additional oil revenue.)
- Provisions to protect Cook Inlet oil and gas production.
- New tax rate takes effect April 1, 2006.

The bill now moves over to the Alaska House for its consideration. For more information on SB 305 contact Darwin Peterson at (907) 465.6600.

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