

Alaska Trucking Association, Inc.

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The authoritative voice of the trucking industry in Alaska

February 21, 2011
House Resources Hearing
HB 110
Production Tax on Oil and Gas

Aves Thompson, Executive Director
Alaska Trucking Association

I am here today to testify on behalf of the Alaska Trucking Association in support of HB 110, the Governor's Production Tax on Oil and Gas bill.

Given today's investment climate and Alaska's competitive position in the world search for additional oil and gas supplies now is the time to re-evaluate our current oil and gas production tax structure.


With an annual production decline of 7%, which the state incurred last year, TAPS could be non-functional within 5 to 10 years. How will the state pay for essential public services and meet long-term obligations if this were to happen? There is no denying that lower tax rates could reduce revenue flowing into state coffers in the short term, but it is clear Alaska is competing in a global market and in the long term this reduction will make the state a more desirable place to invest, which ultimately will lead to higher revenues.

Specific examples presented in the current tax regime include: the tax rate is allowed to rise too steeply when oil prices are high and has been called an unfair tax that stifles jobs and needed oil production. Replacing or revising the oil tax was an issue during the campaigns. We believe that close examination will find that in order for Alaska to continue to be a leader in US domestic oil production, we need to create a more favorable investment climate to clearly demonstrate that Alaska is open for business.

Look around us in today's world political climate. Future oil and gas supplies for Alaska and the US are not guaranteed. We Alaskans' need to do all we can to provide energy supplies for Alaska and the United States.

With future 6-7% declines projected, we need to take dramatic action today.

Thank you for your attention.



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