

From the Desk of:

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Representative Alan Dick
Member, House Resources Committee
State Capitol Room 104
Juneau AK, 99801

Dear Representative Dick:

I am writing to you to urge you to support House Bill 110. Alaska is at a critical fork in the road right now. We can choose to leave the confiscatory tax regime we have in place and continue to watch oil production's accelerated decline, or we can do something to try to turn this dire situation around.

Should the Legislature decide to allow ACES to remain in place without reductions in this tax, Alaska's future will be gloomy indeed. In fact we could see production decline to the point where TAPS becomes uneconomic to operate. Should this happen, the TAPS operator will be required to remove the pipeline. Alaska will be in very deep economic trouble if we allow this to happen.

Currently according to Wood MacKenzie's most current world wide rankings for competitiveness in the petroleum industry, Alaska ranks 129th out of 141 locations assessed. There are many competitive issues State Government cannot control such as distance to market and the high cost of operating in the arctic, but State Government can control a very large portion of the tax expense.

The easy oil has been produced. Most of the opportunities for bringing new production online are very challenging and expensive. These opportunities will require mind boggling levels of investment. The producers will choose where their investment dollars will go on a global basis. These investments will not be made if we allow our current level of competitiveness remain unchanged.

Should we choose to do nothing to address these problems, Alaska will become a very different place to live. Huge numbers of Alaskans will have no choice but to move out in order to make a living. I was here before the miracle of the Trans Alaska Pipeline transformed our economy. Alaska was a very different and vastly improved place because of the economic opportunities created by North Slope oil. Without these continued economic opportunities, housing prices will drop dramatically, the number of jobs and businesses will decrease severely and the State of Alaska as well as local governments will have to reduce their size and scope dramatically because we just won't have the money.

Please support HB110 and move it to the Senate as quickly as possible. If we do not address this major problem quickly, Alaskans across the board will pay the price.

Sincerely,



Scott Thorson