



## Greater Kenai Chamber of Commerce

### Resolution 2011-04

#### A Resolution in Support of Reforming Alaska's Oil Tax System

**WHEREAS**, it is the mission of the Greater Kenai Chamber of Commerce to promote economic development, stimulate job growth, provide initiatives to promote local businesses, and foster positive relations between business and community for the benefit of Kenai; and

**WHEREAS**, a critical component of the economy of our community, our region, and our state is the oil industry; by some estimates the industry accounts for one-third of the state's jobs, one-half of the state's economy, and over 85 percent of state government revenues; and

**WHEREAS**, the Kenai Peninsula Borough provides 18,653 jobs in the public and private sectors and approximately 6% of those jobs are oil & gas related; and

**WHEREAS**, the state's oil tax regime (ACES) was modified in 2007; ACES' major changes included increasing the base tax rate, introducing progressivity in which tax rates rise with net profit and apply to all net profits, and reducing a key investment tax credit; and

**WHEREAS**, the state has received a substantial increase in oil tax revenues as a result of ACES compared to the prior tax policy; and

**WHEREAS**, Alaska's competitive position for investment in oil exploration and development has deteriorated such that investment on exploration and enhanced production has declined in favor of investment outside Alaska; and

**WHEREAS**, what investment has been retained in Alaska has been infrastructure maintenance sufficient to support gradual decline in production; and

**WHEREAS**, the amount of oil flowing through the Trans Alaska Pipeline System (TAPS) has declined from a peak of over 2 million barrels per day in 1988 to approximately 600 thousand barrels in 2010; and

**WHEREAS**, oil production since 2003 has declined in Alaska by 36 percent and increased outside Alaska by 3 percent; and

**WHEREAS**, Alaska's oil potential on land and off shore is in excess of 30 billion barrels, by any measure a large resource; and

**WHEREAS**, the Governor and several legislators have proposed legislation that would improve the investment climate in the oil industry through such means as reduced base rates, "bracketed" progressivity, and improved tax credits to encourage exploration; and

**WHEREAS**, an improved investment climate in Alaska's oil industry will result in increased exploration and production activity, expanded opportunities for Alaskan businesses, more jobs for Alaskans, and additional revenue in support of benefits and services provided by state and local governments; and



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WHEREAS, every business that operates in the greater Kenai area and every individual who lives, works, or plays here benefits directly or indirectly from the oil industry;

THEREFORE BE IT RESOLVED that the Greater Kenai Chamber of Commerce urges the Alaska State Legislature to act to establish policy and/or amend law(s) to further incentivize investment and increase the competitiveness of Alaska relative to other oil and mineral producing areas, so that the creation of jobs for Alaskans and opportunities for Alaska businesses may sustain our state's economy for generations to come; and

THEREFORE BE IT FURTHER RESOLVED that the Board of Directors of the Greater Kenai Chamber of Commerce encourages the oil industry to increase its investment in exploration and development in Alaska, contract with Alaskan businesses, and train and employ Alaskans for employment in the industry.

BE IT FURTHER RESOLVED that this resolution will be distributed to:

- Governor Sean Parnell, State of Alaska
Lt. Governor Mead Treadwell, State of Alaska
Mike Nizich, Chief of Staff, Governor Parnell
Randy Ruaro, Deputy Chief of Staff, Gov. Parnell
Alaska State Legislature
US Senator Lisa Murkowski
US Senator Mark Begich
US Representative Don Young
Commissioner Dan Sullivan, Alaska Department of Natural Resources
Commissioner Brian Butcher, Alaska Department of Revenue
Commissioner Click Bishop, Alaska Department of Labor
John Burns, Attorney General, State of Alaska
Mayor Dave Carey, Kenai Peninsula Borough
Mayor Pat Porter, City of Kenai
City of Kenai Council Members
Kenai Peninsula Borough Assembly Members
Steve Borell, Executive Director, Alaska Miners Association
Rachael Petro, Executive Director, AK State Chamber
Jason Brune, Executive Director, Resource Development Council
Marilyn Crockett, Executive Director, Alaska Oil & Gas Association
Thomas Donohue, President/CEO, US Chamber of Commerce
General Membership of the Greater Kenai Chamber of Commerce

Board President: [Signature]
Kenai Chamber of Commerce Kyle Fisher

Date: 4/20/11

Board Secretary: [Signature]
Kenai Chamber of Commerce Penny Furnish

Date: 4-20-11