

## Alaska Oil and Gas Association

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### **AOGA Testimony**

#### **SB 176 – Senate Resources Committee**

**March 23, 2018**

Chair Giessel, members of the Committee, thank you for the opportunity to testify on Senate Bill 176. For the record, my name is Brandon Brefczynski and I am the External Affairs Manager for the Alaska Oil & Gas Association, commonly referred to as “AOGA.” AOGA is a private trade association that represents the majority of oil and gas producers, explorers, refiners, and transporters of Alaska’s oil and gas. The following testimony reflects the opinion of our membership.

AOGA supports an expedited resolution this year to refund the earned credits. Companies earned these credits by investing hundreds of millions of dollars to hire Alaskans for the exploration and production of oil. The delay in the rebates has damaged the state’s reputation and chilled future investment; caused projects to be shelved, resulting in negative economic impacts to the state and local communities; and many Alaskans are now out of work, especially within the oil and gas industry.

AOGA believes the state should honor all outstanding earned tax credits in full, and in as expedited process as possible. The Governor’s bill is an innovative approach that seeks to refund a portion of the earned credits via bonding to raise the money, then refunding the credits at a reduced rate. The Governor proposes to lower the refunding rate to cover the state's bond finance costs. AOGA has concerns about the steep discount rates and other provisions of the bill. But AOGA is committed to working with the administration and legislature to finding an equitable solution – it’s simply too important. AOGA does applaud the administration for acknowledging that refunding these payments is a critical step this year.

AOGA supports an equitable plan that will refund the entirety of the earned credits this year: Let’s send a strong signal to investors that Alaska is open for business and attract much needed new investment to employ Alaskans, produce more oil, and drive Alaska’s economy forward. Thank you.