

4.19.2017

Senator Giessel, Senate Resources Chair
State Capitol, Room 427
Juneau, AK 99801

RE:HB111


Senator Giessel,

As President of Davis Constructors & Engineers, Inc., I would like to offer the following on HB111:

- The oil industry has and continues to pay most of the state's taxes. To say that the oil industry needs to contribute more as their share is unwise.
- Alaska cannot increase oil production by increasing taxes. Alaska cannot tax away the industry's incentive to invest and still expect to have a sustainable economy.
- The oil industry has traditionally accounted for 88 percent of Alaska's General Fund revenues and is the largest property tax payer in the North Slope Borough and Kenai Peninsula Borough. Even in these times of low oil prices, oil provides 67 percent of the state's unrestricted revenues and supports one-third of our economy.
- Oil tax reform in 2013 made Alaska more competitive and a more attractive place to invest. Oil companies have responded with over \$5 billion in new projects. Alaska saw no production decline in 2014, a slight dip in 2015, followed by the first production uptick in 14 years in 2016. Oil tax reform played a significant role in the production increase in 2016.
- The Department of Revenue conceded HB 111 represents a significant tax increase, but has failed to produce any models of economic impacts to jobs, oil production or the state's economy.

Please call me with any questions that you may have. We need a stable tax environment for industry investment.

Regards,



Josh Pepperd