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AOGA: Passage of House Bill 111 will hurt Alaska's economy
The law marks the seventh change to oil taxes in 12 years

ANCHORAGE- July 15, 2017: Today, members of the Alaska State Legislature passed the seventh change to Alaska's oil tax law in 12 years in the form of House Bill (HB) 111. The bill, if signed into law, will raise taxes and add costs to a beleaguered oil industry, a move that will decrease investment in Alaska projects and inevitably make it harder for new oil projects and fields to be developed.

"HB 111 increases taxes on the industry just one year after the last tax increase became law when HB 247 was passed," said AOGA President and CEO Kara Moriarty. "Make no mistake: HB 111 will cause companies to rethink their investment strategy in Alaska, meaning they will likely spend less money and employ fewer Alaskans. With the state mired in an economic recession, these actions will hurt."

"Enough is enough," continued Moriarty. "If this bill is signed into law, the oil industry, which remains, by far, the largest contributor to the State's unrestricted revenues, will be giving even more. We will have 'chipped in' toward solving Alaska's deficit, despite having financial challenges of our own due to a prolonged period of low oil prices. If Alaskans want to see exciting new oil fields developed and new oil flowing through the pipeline, then fiscal stability must be established in Alaska. The constant moving of the goalposts and continued failure to fully reimburse companies for earned tax credits is not only frustrating, but makes Alaska's chances of attracting desperately needed investment worse with each passing year."

HB 111:

- Negatively impacts the economics of all companies exploring and operating on the North Slope, but especially hits smaller and new companies
- Challenges the prospects of large-scale new oil discoveries (e.g. Smith Bay) on the North Slope from moving forward

- More –

- Puts additional Alaska oil and gas jobs, property tax revenue, and royalty payments at risk.
- Does nothing to ensure continued, increased throughput though the Trans Alaska Pipeline, which just enjoyed its second fiscal year oil production increase in 20 years.
- Further damages Alaska's reputation in the investment community as an unstable and risky place to invest.
- Fails to address the cash credits that were earned in good faith by small and new oil companies, and which still need to be reimbursed for work already completed.

AOGA is a professional trade association whose mission is to foster the long-term viability of the oil and gas industry in Alaska for the benefit of all Alaskans. More information about the organization can be found at www.aoga.org, on Facebook (AlaskaOilAndGas), or twitter (@AOGA).

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