

ALASKA STATE LEGISLATURE

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SENATOR BERT K. STEDMAN

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Senator Stedman Proposes Oil Tax Compromise

(Juneau) - Today, Senator Bert Stedman, R-Sitka, introduced Senate Bill 192 proposing changes to Alaska's oil tax system. The current tax structure, created by the passage of Senate Bill 21, sets a base tax rate of 35% with a tax credit between \$1 and \$8 paid for each barrel of oil produced. The state is obligated to pay this credit to the producers on a sliding scale which increases as the price of oil decreases. For example, if the price of oil is between \$140 - \$150, the producers receive a tax credit of \$1 per barrel. But if the price of oil falls to under \$80, the producers receive a tax credit of \$8 per barrel. In FY15, the impact to the state treasury as a result of this per barrel tax credit is estimated to be almost one billion dollars. Senator Stedman's proposal in Senate Bill 192 would reduce that per barrel credit by half so it would start at 50 cents per barrel at high oil prices and cap out at \$4 per barrel at low oil prices. This would return almost a half a billion dollars to the state treasury in FY15. According to Senator Stedman, "Under the current tax regime, the compensation for the value of the hydrocarbons to the owner, the people of Alaska, is too low compared to similar world class hydrocarbon basins around the world."

Senate Bill 192 would also raise the minimum production tax from 4% of the gross value at the point of production to 15%. "As the price of oil goes down and the credits go up, we need a higher minimum tax to protect the state's share of its resource wealth from our legacy fields on the north slope," added Senator Stedman.

A copy of the bill can be found here: <http://www.legis.state.ak.us/PDF/28/Bills/SB0192A.PDF>

For more information, contact Senator Stedman at 907-465-3873

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