AOGA Takes Issue with Parnell Oil Tax Bill

BECKY BOHRER, Associated Press

JUNEAU, Alaska (AP) — The Alaska Oil and Gas Association is raising concerns with Gov. Sean Parnell's plan to overhaul the state's oil tax structure.

The trade group's executive director, Kara Moriarty, said Friday that it's clear Parnell has a vision for Alaska's future. However, "we do not believe the bill in its current form achieves the governor's goals of growing the state's economy," she told The Associated Press in an email.

Parnell introduced legislation this week aimed at making Alaska more competitive and encouraging new oil production. His plan eliminates the progressive surcharge that companies have called a disincentive to new investment, and it revamps the state's suite of tax credits, focusing those incentives on companies that produce oil from new fields on the North Slope.

"We are restoring balance to the system by adding more protection at lower prices while reducing the government take on the high end," said Parnell's spokeswoman, Sharon Leighow.

Moriarty said her group supports part of what Parnell is proposing, including elimination of the surcharge and a tax break for oil from new fields. But she said it has concerns with changes to some of the tax credits and sees the plan as a tax increase when oil prices are lower.

"As we continue to evaluate the bill, we are committed to working with the governor and the Legislature in building a long-term policy for Alaska," she said.

Some critics of Parnell's plan — particularly Democrats — have cast it as a repackaged version of his prior, failed attempts to get a tax cut passed and as a giveaway to oil companies.

House Majority Leader Lance Pruitt, R-Anchorage, called the bill a good starting point but made clear the House would do its due diligence. He said he saw concerns raised by Democrats and some industry executives as a good thing. "Because I think in the end, we're going to have to come up with something ... where not everyone's going to be happy but I think in the end will be a benefit for Alaska," he told reporters.

Sen. Cathy Giessel, R-Anchorage, and chairwoman of the Senate Resources Committee, said the governor's bill takes a "really fresh approach" to addressing the issue. But she said she wants to see detailed analyses of the bill and better understand what impact it might have. She said she thinks there will be a robust discussion.

Over the past two years, Giessel has faithfully attended House and Senate hearings on the oil tax issue, taking copious notes from the audience. She said in an interview Friday that the overarching goal is to increase production, and lawmakers want to come up with a plan that is fair to Alaskans.

Giessel said she plans to spend at least three weeks on the governor's bill in the Resources Committee after it comes over from a special Senate committee on oil flow through the trans-Alaska pipeline.

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