
Senator Tom Begich
Senate Democratic Leader
Senator Elvi Gray-Jackson
Senator Scott Kawasaki



Senator Jesse Kiehl
Senator Donny Olson
Senator Bill Wielechowski

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July 18, 2019

The Honorable Michael J. Dunleavy
Governor of Alaska
Alaska State Capital, Third Floor
Juneau, AK 99801

Dear Governor Dunleavy,

We commend your action yesterday amending the second special session call to add capital budget subjects and your willingness to support the state capital as its meeting location, allowing the legislators who had been assembling in Wasilla to join us in Juneau. We are now able to work more effectively to address Alaska's present challenges together. Those challenges include funding this year's PFD, considering restoring cuts to important state services, and planning meaningfully to improve to the state's fiscal position, both to address our immediate needs and for the long-run.

Today we write urging you to add another item to the call: oil tax reform.

We share a grave, growing concern with many Alaskans that the state's current oil tax structure has not provided the people the benefits to which they are entitled.

Under the Alaska Constitution, development of Alaska's natural resources must be for their "maximum use consistent with the public interest." The legislature is specifically tasked with oversight authority over the state's natural resources and shall ensure they are utilized, developed, and conserved "for the maximum benefit of the people."

As you are aware, compared to other oil and gas producing regions all over the world, Alaska consistently ranks as the most profitable for the oil companies. On this basis, the prospect is unnerving to all of us that the state has likely not set its tax policy to serve the people's *maximum benefit*. We have a constitutional duty to the people of Alaska to assess the adequacy of the current oil tax regime and make necessary corrections to it. This imperative is especially critical given the state's present financial situation and its bleak fiscal outlook.

Senate Bill 14 would repeal the lavish "per-barrel credits" that oil producing companies receive under the current tax regime. That repeal would provide \$1.26 billion in revenue to the state in the next fiscal year alone, and \$10.1 billion over the next eight years. Repealing these credits would supply enough funds for a full statutory PFD while enabling the continuance of state programs and services that enrich the lives and wellbeing of our residents every day. While we support SB 14, we would welcome your initiative on other proposals to revise the state's oil tax code to ensure it works in the best interests of Alaskans.

A properly functioning oil tax structure would mean that Alaskans do not have to sacrifice their PFD to fund government or worry about reductions or elimination of essential state services. Even minor modifications to the tax code could set Alaska back on track to fiscal prosperity, providing reassurances that the people desperately need and deserve right now.

We look to your leadership in this regard. Please act in the interests of the state and of Alaskans and add oil tax reform to the call of the special session.

Sincerely,



Senator Bill Wielechowski



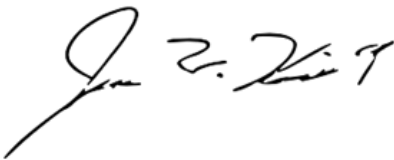
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