

From: Gretchen Stoddard [<mailto:mgstoddard@gci.net>]

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To: Rep. Benjamin Nageak <Rep.Benjamin.Nageak@akleg.gov>; Rep. David Talerico <Rep.David.Talerico@akleg.gov>

Cc: Rep. Paul Seaton <Rep.Paul.Seaton@akleg.gov>; Rep. Geran Tarr <Rep.Geran.Tarr@akleg.gov>; Rep. Mike Hawker <Rep.Mike.Hawker@akleg.gov>; Rep. Craig Johnson <Rep.Craig.Johnson@akleg.gov>; Rep. Kurt Olson <Rep.Kurt.Olson@akleg.gov>; Rep. Bob Herron <Rep.Bob.Herron@akleg.gov>; Rep. Andy Josephson <Rep.Andy.Josephson@akleg.gov>

Subject: Oil taxes, tax credit comments from a South Anchorage working Mom

RE: Oil Tax Credits, Oil Taxes, and the Budget

Hello,

Thank you for working hard on these issues, and thank you for offering evening testimony on the important budget issues and issues related to oil tax credits and petroleum production taxes. I went to the Anchorage LIO at about 7:30 pm on Monday 3/14 to testify. The front door was locked, so I was confused about public testimony from 6 to 8 pm. The good news was... plenty of parking!

I live in Anchorage, District 28. I understand we have a big budget problem, and no one item will fix it. I do encourage you to continue forward with the hard decisions. The longer we wait, then the worse the problem will be I think. I also believe the state budgets do not have to immediately chase a balanced budget based on current oil prices... hopefully we are in a current low price per barrel and it will increase in the future. Whatever happens, I expect that state and local government will end up costing my family more in the future. I can accept that as long as the unpleasant budget realities are spread between various user groups, employers/ employees, state regions, and industries. If the legislative season ends, a variety of undefined cuts are proposed, cuts are negotiated away in the final days, and then the only progress at the end of the year is an increase in dollars going from the oil field to the state treasury with a decrease in tax credits.... That would be the ultimate failure of a legislative session to my family interests.

I work for an oil and gas producing company. Tax credits changed our family economics, and we continue to benefit. I mostly accept that tax credits may have to change. I do want everyone to know that I live here I spend money here. Tax credits encourage the projects they cover, they work, and parts of them are spent in Alaska. With the size of our deficit, I do have to partially agree some modifications may be needed. I have to agree that some of the payments discourage me in the current budget environment... but a lot of items about other areas of state and government spending also discourage me. I will grudgingly accept we might need some modifications in the areas that hurt our family budget... I hope other Alaskans will do the same.

I fear the state of Alaska requiring more production tax revenue, then companies reducing capital spend, and then declining production curves. Most areas of Alaska oil production do not have a lot of profit now that can be diverted to state revenues to pay for our deficits. In the past, we have required petroleum to pay for most of our state government. We almost had enough money for some really great programs. It is time to realize petroleum can continue to produce revenue now and in the future, but production is going to decline. It will probably decline even more if

we choose to withdraw too much now. Between royalties, property taxes, transportation costs, and corporate income taxes, there is not much overall profit to encourage the oilfield capital spending projects needed to maintain current levels or moderately declining production. That is a real problem, and I feel Alaska government will hurt my family if we change the oil tax structure and we pretend that oil should pay more to fix our problems.. again, still, the same answer again has to end sometime.

I am a working Mom, my son attends South High/ Anchorage School district, I work for an oil and gas producer, my husband sells safety supplies, and oil tax credits help my family finances significantly. We enjoy and rely on a smooth functioning city and schools. I do not think we will get to a budget status based only on cuts, or only on new taxes or any one item. I understand there will be changes that go beyond unpleasant, but please do not think that oil tax credit spending only helps out of state companies. Its Our Future... just a little different way than the ads say.

Thank you for all your work.

Gretchen Stoddard

13720 Arboretum St

Anchorage, AK 99516