

Submitted by: ANNA FAIRCLOUGH,
Chair of the Assembly
MARK BEGICH,
Mayor

Prepared by: Department of Law
For reading: April 11, 2006

CLERK'S OFFICE

APPROVED

Date: 4-11-06

ANCHORAGE, ALASKA

AR No. 2006- 94

A RESOLUTION OF THE ANCHORAGE MUNICIPAL ASSEMBLY AND MAYOR MARK BEGICH IN SUPPORT OF THE STATE OF ALASKA'S NEW PETROLEUM PRODUCTION TAX.

WHEREAS, the Anchorage Assembly supports and encourages economic development and has been on record for many years supporting a fiscal plan for the State of Alaska; and

WHEREAS, the oil and gas industry currently provides approximately ninety percent (90%) of the State's general revenue; and

WHEREAS, natural gas development in Alaska is dependent on a healthy Alaska oil industry; and

WHEREAS, to achieve the Alaska Department of Revenue's production forecast, the Alaska oil industry states it must at least double its investment to an annual level of \$2 billion - \$3 billion; and

WHEREAS, the Cook Inlet natural gas industry supplies energy to sixty-seven percent (67%) of Alaskans, and any proposed petroleum production tax needs to recognize and avoid the negative consequences to consumer energy; and

WHEREAS, a new petroleum production tax has been proposed by the State Administration to replace the Economic Limit Factor (ELF); and

WHEREAS, an effective, petroleum production tax should accomplish several goals, including:

- a. A shift to the worldwide standard of a production profits tax structure, expected to generate increased revenue for the state of Alaska; and
- b. Provide a basis for fiscal stability for the oil and gas industry, thereby encouraging gas pipeline construction; and
- c. Address the interests of both large and small producers; and
- d. Encourage investment in technology and infrastructure to maximize North Slope oil production; and
- e. Create an environment encouraging exploration and development of all of Alaska's oil and gas resource base; and

f. Stir economic development to, in turn, provide new jobs and new business opportunities.

NOW, THEREFORE, THE ANCHORAGE ASSEMBLY RESOLVES:

Section 1. The Anchorage Assembly and the Administration of the Municipality of Anchorage support a new petroleum production tax, with a caveat: Any such proposal must be amended to protect against any adverse consequences to the existing Cook Inlet tax structure.

Section 2. Concurrent with the implementation of a new Petroleum Production Tax, the Anchorage Assembly and the Administration of the Municipality of Anchorage strongly support reinstatement of state revenue sharing to Alaska's communities, and pledge to use any such assistance for property tax relief.

Section 3. This resolution shall be effective immediately upon adoption by the Assembly.

PASSED AND APPROVED by the Anchorage Assembly this 11th day of April, 2006.

Anna J. Fairclough
Chair of the Assembly

ATTEST:

Bonnie S. Gruendel
Municipal Clerk