

Oil Tax Debate Draws SRO Crowd

By Alexandra Gutierrez, APRN – Juneau | July 24, 2014 – 9:33 am

It was standing-room only at an Anchorage debate on whether to keep the new capped oil tax rate or to switch back to a system where the rate goes up along with the profits.

The Alaska Common Ground forum Wednesday was close to violating fire code, and that was after turning 75 people away.

The two-hour debate had State Senator Bill Wielechowski (D-Anchorage) and economist Gregg Erickson making the case for repealing the law on one side.

Wielechowski and Erickson argued that tax rates historically have had little effect on oil production, and that Alaska was a profitable place to operate even when the state had a windfall profits tax.

Erickson also accused the oil companies of using scare tactics by suggesting that the development of a natural gas megaproject depended on the failure of the repeal, and he recalled similar rhetoric used in 2006 when voters considered a gas tax initiative.

“The oil companies, particularly Conoco Phillips, paid millions of dollars for ads that said, ‘You pass this initiative folks, and there’ll never be a gasline,’” Erickson said. “Well, voters of Alaska took that to heart and declined to pass that initiative. Folks, we still don’t have a gasline, and they’ve been telling that same thing every time we proposed a change in the oil tax regime.”

The opposing side was represented by oil and gas consultants Roger Marks and Brad Keithley, who countered that tax incentives can encourage production and in turn bring in more state revenue.

The pair was also asked to explain why the oil companies were spending more than \$10 million to defeat the referendum. The audience skewed in favor of repeal, and Keithley's response was met with some skepticism from the crowd.

"I don't think the oil companies are scared," Keithley said.

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