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Oil tax debate

by FDNMstaff

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UPDATE (12:07 pm): Speaker Mike Chenault just recessed the session until tonight. The meeting broke as members discussed a request by Rep. Les Gara, D-Anchorage, to scrap much of the tax reform bill in favor of an increase to targeted breaks for companies that explore new oil patches.

Gara said major oil producers, such as Exxon and BP, have indicated they won't explore for new oil with or without the reform and thus shouldn't see reduced tax rates. The governor's bill gives away \$6 B over the next five years for nothing," he said.

(11:55): Democratic Rep. Berta Gardner of Anchorage tried to make oil companies disclose more information about their projects if they want to get tax breaks. The full House rejected the plan 26-11, largely along party lines. Gardner called it the 'tell us what we've bought' amendment. Republican Rep. Mike Hawker challenged the change, saying the Alaska Department of Revenue is already positioned to start making more, 'reasonable' demands for disclosure from oil companies. He said Gardner's change would go too far given the 'very competitive' atmosphere on the North Slope.

(11:46): The House just rejected the proposed change 24-13, generally along caucus lines. Representatives from the Interior delegation were split directly by party, with Democratic Reps. Miller, David Guttenberg and Scott Kawasaki supporting the change and Republican Reps. Wilson, Alan Dick, Steve Thompson and Eric Feige opposed.

— Posted by Christopher Eshleman, Daily News-Miner staff

Rep. Bob Miller, D-Fairbanks, just proposed ending an oil tax rewrite if the proposed tax cuts don't lead to a 10 percent increase in oil production by 2017. It's one of a handful of proposed caveats expected today from House Democrats as their chamber debates a broad tax reform plan posed by Gov. Sean Parnell and House Republicans.

"We want to be sure they are earning the breaks we are giving," Miller told colleagues on the floor.

The House is reviewing proposed amendments to the bill, House Bill 110, and is expected to break at noon and return tonight for a vote.

Rep. Tammie Wilson, R-North Pole, said she'd need "a lot more detail" about Democrats' justification for the deadline. She suggested it would impact different actors along the production process differently. The broad tax bill seeks to, separately, attract explorers and create incentives for larger oil producers to invest on the North Slope.