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Oil tax debate could hinge on shortage of information

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JUNEAU — State senators with the majority coalition said early this week it will take time to address an information shortage allegedly plaguing the state's oil tax system. House Democrats followed Tuesday by suggesting the issue puts a kink in Gov. Sean Parnell's proposal to reform and cut oil taxes.

The state's revenue commissioner said last week his agency lacks the data needed to assess Alaska's tax laws and their effectiveness, a conclusion that echoed a January report from his department. The report, from a consultant, said state government here requires less information sharing from oil companies than do other resource-rich states and nations.

Sen. Bert Stedman, R-Sitka, said Monday he's struggling with the "policy implications" of that news. The comment came days before oil companies and industry associations prepare to weigh in formally on Parnell's plan.

"I don't think the answers are going to be very easy to find, unless the industry comes forward and lays it out, the three major producers," Stedman said.

Some senators and House Democrats had already asked for an assessment of the current system, given Parnell's plan to cut taxes by roughly \$1 billion per year. That assessment, given Friday's comments, may prove foggy at best.

Rep. Berta Gardner, D-Anchorage and Resources Committee member, suggested the information shortage will influence this winter's debate over tax policy.

"It's a big issue, it's a lot of money," she said. "It's a big issue for the state and if it takes time to get it right, that's what we need to do."

Sen. Johnny Ellis, D-Anchorage, said the state has dolled out \$3 billion in tax breaks during four years that may have rewarded oil companies for routine maintenance to infrastructure. But the breaks, or credits, were designed instead to serve as rewards for firms that drilled new wells, and Ellis said lawmakers thought until now "we were buying new exploration and production," not maintenance work.

Stedman told reporters Monday it's "premature" to say how the state will address the issue of information sharing. The majority coalition, led by Senate President Gary Stevens, includes 80 percent of the Senate.

Revenue Commissioner Bryan Butcher suggested last week changes in state tax laws may be needed.

At least one supporter of the state's proposed tax cut, Northrim Bank president and CEO Marc Langland, has said the current system appears "very complicated and unclear."

“Many factors are left up to the bureaucrats at the Department of Revenue to determine what kind of taxes are due,” Languard told a National Federation of Independent Businesses last month.

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