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Oil Investment Debate: The Democrats' Side

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Gov. Sean Parnell and many Republicans in the state Legislature have made it clear that they think lower taxes are the answer to declining production on the North Slope, but Democrats are pushing a few proposals of their own, which they say create more development without changing Alaska's oil tax structure, ACES.

Rep. Les Gara (D-Anchorage) and Sen. Hollis French (D-Anchorage) sent a letter to Parnell urging him to do a better job of marketing an oil tax incentive that's already in place, called royalty relief.

If an energy company can prove that high royalties are standing in the way of development, the state, by law, is allowed to reduce the royalty rate in that instance.

"When you go to the websites run by the state, when you go to the official pronouncements, you don't see royalty relief being stressed by the people working in the Governor's office," French said.

Parnell responded Wednesday saying he looks forward to working with Gara and French on lowering the tax burden for the oil industry and improving incentives.

Another proposal from Reps. Berta Gardner (D-Anchorage) and David Guttenberg (D-Fairbanks) would allow smaller producers better access to infrastructure on the North Slope.

The bill sponsors say equipment like oil treatment plants have typically been off limits because they're owned by the major producers and are too expensive for a smaller company to gain access to.

House Bill 138 would treat those facilities as a utility, still owned by the major companies, but regulated by the Regulatory Commission of Alaska (RCA), so as to create a fairer buy-in for smaller companies.

"We just think it's in the state's interest to make sure that we have fair competitive access to the facilities that already exist," Gardner said.

Parnell expressed reservations, but did not outright oppose the idea when asked about it last week.

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"I will look at the testimony and consider everything that comes forward," he said, adding that he typically tries to stay out of the way of the private sector.

The access bill has been referred to the House Labor and Commerce Committee, but so far has not been scheduled for a hearing.

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