

**RESOLUTION 2012.3-19**

**A RESOLUTION BY THE KODIAK CHAMBER OF COMMERCE  
SUPPORTING MAKING ALASKA'S OIL & GAS MARKET COMPETITIVE**

**WHEREAS**, the Kodiak Chamber of Commerce (Kodiak Chamber) represents nearly 325 business and 6,000 employees throughout the community of Kodiak by continually seeking to improve the business climate and ensure a healthy economy for future generations; and

**WHEREAS**, our advocacy for business in Kodiak is based upon economic health, opportunities, free market, and responsible business development; and

**WHEREAS**, the lifeblood of Alaska's economy centers around the responsible development of natural resources; and

**WHEREAS**, the oil and gas industry, accounts for 90 percent of the State of Alaska's revenues, supports one-third of the state's jobs, funds local schools statewide, provides funds to build and maintain infrastructure throughout Alaska; and

**WHEREAS**, Kodiak's economy is dependent on oil revenues, through State of Alaska annual expenditures. For example, in 2011, the Kodiak community received over \$41 million in capital funding alone, and does not include funding the community receives for key services such as schools, Denali Kid Care, etc. State employment represents 4 percent of all employment in Kodiak; and

**WHEREAS**, as a business organization, the Kodiak Chamber believes that tax policies do effect business investment decisions.

**WHEREAS**, the fiscal reality for the State of Alaska is that without increasing oil production, the state will be forced to diversify its economy, become more fiscally responsible; and

**WHEREAS**, according to the Office of Management Budget and Office, the State could face budget deficits as early as 2015; and

**WHEREAS**, business owners risk capital based on an educated calculated *potential* return. There are no guarantees. Making and keeping Alaska competitive nationally and globally is an investment in Alaska's long term sustainability; and

**WHEREAS**, Alaska's oil tax policy under ACES has rendered Alaska less competitive nationally and globally as evidenced by booming business in Alberta and North Dakota under their lowered tax structures; and

**WHEREAS**, the majority of investment and increased employment on the North Slope is related to infrastructure maintenance; and

**WHEREAS**, oil production in 1988 was more than 2 million barrels a day. Over the past 20 years, production has declined steadily. Today less than 600,000 barrels on average are produced; and

**WHEREAS**, Alaska's oil potential on land and off shore is in excess of 30 billion barrels; and

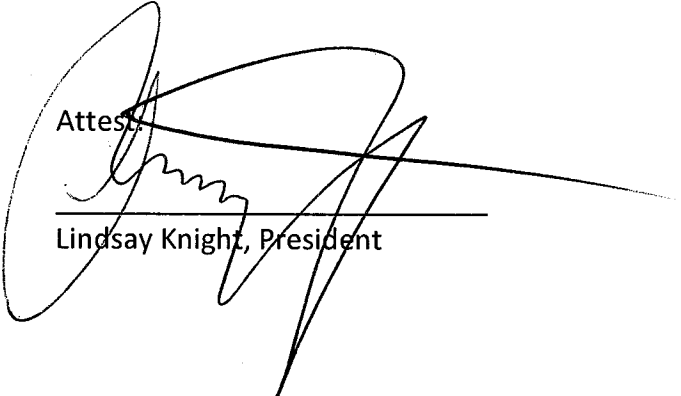
**WHEREAS**, The Governor and several legislators have proposed legislation that would improve the investment climate in the oil industry through such means as reduced base rates, bracketed progressivity, and improved tax credits to encourage exploration; and

**WHEREAS**, an improved investment climate in Alaska's oil industry will result in increased production, expanded opportunities for all Alaskan businesses, more jobs, and more revenue to the state over a long term basis; and

**THEREFORE BE IT RESOLVED**, the Board of Directors of the Kodiak Chamber of Commerce support meaningful oil tax reform now under review by the Alaska Legislature to reform Alaska's oil tax policy- making Alaska more competitive- and urges changes this legislative session.

PASSED AND APPROVED by the Kodiak Chamber of Commerce this 19th day of March, 2012.

Attest



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Lindsay Knight, President



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Trevor Brown, Executive Director