Sen. Stevens Speaks Against Oil Tax Reduction

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Alexandra Gutierrez/APRN

After a lengthy debate, the Alaska Senate narrowly passed a bill that would overhaul the state’s oil tax regime. The changes are projected to give oil companies a break of at least $600 million per year.

“The bill we have in front of us is an historic gamble with the people’s money," said Kodiak’s Gary Stevens, a Republican critic of the bill.

He wasn’t the only one to describe the bill in betting terms. With oil production on the decline but no firm commitment from companies to bring more projects online, opinion was split into two camps: those who felt the stakes were too high to change the tax system, and those -- like Anchorage Republican Lesil McGuire -- who argued it was a necessary risk.

“He’s right when he says it would be a crapshoot and a gamble," she said, "but I think that I have the opposite opinion of just what that gamble would be.”>>

Right now, Alaska has a windfall profits tax that requires producers to pay more when oil prices are high. The bill the Senate passed gets rid of that, all while putting in a slightly higher base tax that’s offset by a $5 per barrel tax credit.

Just one amendment was made to the bill. A measure setting the base tax rate on oil at 35 percent passed with the support of 11 members of the majority. An earlier version of the legislation would have kicked that tax rate down by a couple of percentage points after 2016. That would have meant an extra $300 million in state revenue lost on top of the projected billion dollars a year the state would lose because of the tax lowering measure.

In a late-night press conference following the Senate floor session, Anchorage Democrat Johnny Ellis suggested that amendment was needed to appease Click Bishop, a Fairbanks Republican who was seen as a swing vote.

<<oil tax am 3, 4s “They didn’t have the 11 votes until amendment number one passed.”>>

Majority leadership denied that this was the case. The bill ultimately passed 11-9. Opposition was primarily led by the Democratic minority, with Sens. Gary Stevens, Bert Stedman, Dennis Egan, and Donny Olson breaking with their majority caucus to vote against the measure. Under a procedural rule, the bill will be kept in the Senate tomorrow and could get another vote before it moves to the House.

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