

Introduced by: Wade
Date: April 21, 1981
Vote: Unanimous consent
Action: Adopted

KENAI PENINSULA BOROUGH

RESOLUTION 81-70 SUB.

URGING THE TWELFTH LEGISLATURE TO REPEAL DISCRIMINATORY
TAXATION UPON THE OIL AND GAS INDUSTRY.

WHEREAS, the Legislature, by Chapter 43.21 of the Alaska Statutes, has provided for special taxation of all income derived from the production of gas and oil within the state, whether or not such income is taxed by other states as well; and

WHEREAS, the taxation provided by Chapter 43.21 is discriminatory and violates the commerce clause of the United States Constitution; and

WHEREAS, the taxes collected by the state do not bear a reasonable relationship to the services provided to the oil companies and the tax is greatly out of proportion to the amount of business done by oil companies in the state; and

WHEREAS, Chapter 43.21 does not allow oil companies to deduct that portion of their profits which must be paid to the Federal Government pursuant to the Windfall Profits Tax and this tax upon a tax is highly discriminatory; and

WHEREAS, the level of taxation upon income derived from oil and gas production within Alaska is so high as to deter future exploration for oil and gas in the state and expansion of existing facilities; and

WHEREAS, Alaska is the most costly state in which to engage in oil and gas production, and these additional tax burdens can make fields of declining productivity, including the Swanson River, Kenai and Cook Inlet fields, economically infeasible; and

WHEREAS, the excessive taxation upon oil and gas production in Alaska makes it economically advantageous to explore for new oil and gas reserves in other portions of the country with more equitable taxation upon the petroleum business; and

WHEREAS, the prosperity and social well-being of the Kenai Peninsula of the State of Alaska is directly dependent upon continued oil and gas exploration and production in this state; and

WHEREAS, the current revenues to the State of Alaska from oil and gas taxation and royalties far exceeds the amounts of money which can be spent wisely by this state; and

WHEREAS, the Assembly finds that greater social and economic benefits will be derived from allowing free enterprise the use of this money for further exploration and expansion rather than transferring these moneys through taxation to the State of Alaska government, whose expanded role in the economy is tantamount to socialism; and

WHEREAS, the utilization and expenditure by free enterprise of the funds now collected as state oil and gas taxes, and the private disbursement of these funds throughout our economy preserves the value of our incomes, livelihoods, and savings; and

WHEREAS, the disbursement of these funds by the State of Alaska fosters inflation and devaluates our incomes, lifetime savings, and retirement investments;

NOW THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:

Section 1. That the Assembly urges the Legislature to repeal the special income taxation upon oil and gas production contained in Chapter 43.21 of the Alaska Statutes and to tax income derived from oil and gas production on the same basis as all other businesses.

Section 2. The Clerk shall serve copies of this resolution upon the Honorable Jay S. Hammond, Governor of the State of Alaska, upon the Honorable James Duncan, Speaker of the House, upon the Honorable Jalmar Kerttula, President of the State Senate, upon the Honorable Donald E. Gilman, State Senator, and upon the Honorables Bette Cato, Hugh Malone, and Pat O'Connell, State Representatives.

Section 3. That this resolution takes effect immediately upon its adoption.

ADOPTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH
ON THIS 21st DAY OF April, 1981.

ATTEST:

Paula Fischer
Paul Fischer, Assembly President

Frances Beymer
Borough Clerk