

# Oil industry commitment only cosmetic

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Alaskans have suffered a death in the family. The avoidable and grievous oil spill which has left Prince William Sound a tar pit is a dramatic example of how cosmetic the oil industry's commitment to Alaskans truly is.

## OPINION

It is unfortunate that it has taken a manmade catastrophe to remind Alaskans who should be in charge of regulating and setting policy for the oil companies in Alaska: the public, not the industry.

The oil spill has caused Alaskans to reconsider the long-term costs as well as the benefits of oil development in Alaska. In that light, Alaskans should

consider how much profit the industry should leave in Alaska.

Currently, the two most productive oil fields in America are benefitting from a massive tax break called the Economic Limit Factor, or ELF. Not surprisingly, most of that extra profit is leaving the state.

The ELF was created in 1977 to provide a tax incentive to develop small or dwindling oil fields that aren't very profitable to produce. In 1981 Alaska's taxing structure was changed, giving the industry a net decrease.

Lawmakers realized that would result in a big loss to Alaskans so they postponed application of the ELF on Prudhoe Bay, North America's most productive field.

Well, ELF went into effect on Prudhoe Bay two summers ago and since then Alaska has lost more than \$200 million. And, we'll continue to

lose between \$100 million to \$200 million every year as long as ELF remains unchanged.

The spill will create long-term economic impacts which could trouble Alaskans long after the oil companies have left. The revenues raised by changing ELF could help Alaskans deal with those impacts.

The oil companies have spent huge sums on advertising to convince Alaskans that they and we will suffer if ELF is changed. That's simply nonsense, and in the wake of *Exxon Valdez* I think most Alaskans know better than to believe the industry's inflated rhetoric.

The fact is, even if the ELF is adjusted, Alaska's severance tax on oil will remain the eighth lowest of the top 10 oil-producing states on a cents-per-barrel basis.

Gov. Steve Cowper and the House

of Representatives support closing the loophole so that the tax break is reserved for those fields that really deserve it, not for Prudhoe Bay, the largest oil field on the continent.

Unfortunately, the Alaska Senate has yet to vote on the issue, and the Senate leadership could try to bury it in committee for the third year in a row.

Alaskans should not permit that to happen. The Senate should be accountable to the citizens who live here, not beholden to the powerful Outside oil lobby that will leave us behind when the last penny of profit has been made.

Alaskans should ask Senate Oil and Gas Committee Chair Drue Pearce to let the ELF bill out of her committee so each senator can vote on the issue.

Now is the time to encourage our senators to bring the ELF issue up for a vote. They owe it to Alaska.