

# AD VALOREM BILLS STOPPED

## Rep. Nels Anderson Stops Public Hearings On Bills that tax Oil

Rep. Nels A. Anderson, Jr., D-Dillingham, chairman of the State House Resources Committee stopped all public hearings April 16 on bills that will place an ad valorem tax on oil and gas reserves.

Work sessions were held last week and this week to begin final mark-up on the bills. Sponsor substitute for House Bill 297 is a tax that places a 20 mill levy on oil and gas reserves beginning Jan. 1, 1976.

There are exemptions in the bill that will exempt oil and gas reserves on Native lands from the tax on lease hold interest. In addition, the bill will exempt all reserves for a 5 year period after discovery.

The bill is needed to help the state meet a projected budget deficit of \$50 million in fiscal year 1976. Taxing oil and gas reserves in place has been receiving a great deal of attention by both the administration and leadership in the House and Senate.

The ad valorem tax proposal is

bitterly opposed by the regional corporations because it is a tax that the regional corporations can ill afford to pay before the any potential discoveries are producing. Anderson stated that he opposes the bill but will allow it to move out of his committee with a do not pass recommendation.

"My opposition to this bill," Anderson states, "is based on my sincere belief that the state administration and the legislature have done very little to economize, cut the state's payroll, and seek other alternative revenue generating methods."

"I have stated," Anderson said, "that I must oppose the bill whether or not the proposed taxation attempts to exempt regional corporation land holders. My fear is based on the probability that exemptions sought by proponents of this bill may not hold up in court, thus leaving the regional corporations exposed to this oil and gas reserves tax.

# Ad Valorem Tax Bills..

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"I do not believe that the regional corporations who are all affected through 7-I of ANCSA (Alaska Native Claims Settlement Act) can afford to take the gamble that they will not be taxed. Furthermore, the tax opens up the door for setting a precedent for future legislators to solve tight budget situations.

"If a tax of this nature passes this year, what is to stop future legislatures and administrations from proposing ad valorem taxation of mining, fishing and timber industry? Anderson asks.

Testimony from representatives of the oil industry, regional

corporations, administrations and private individuals all express distaste for the bill because they feel it is a regressive measure that is inefficient to administer and difficult to assess.

Milton Lipton, the state's consultant on oil and gas testified that ad valorem taxation should not be a method of revenue generation for the State of Alaska. Anderson states that no one seems to be tripping over themselves in support of this bill.

"It would be safe to say that this bill have little chance of passing the House of Representatives," Anderson concludes.