



THE STATE
of **ALASKA**
GOVERNOR SEAN PARNELL

Department of Revenue

COMMISSIONER'S OFFICE
Bryan Butcher, Commissioner

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February 26, 2013

The Honorable Les Gara
Alaska State Representative
State Capitol, Room 400
Juneau, AK 99801-1182

Dear Representative Gara:

I have been asked to provide a response to your February 6, 2008 letter. Your questions relate to the issue of expert witnesses and oil taxes. As you know, your colleagues in the legislature have decided to retain PFC Energy to provide advice. PFC Energy has stated on the record in public meetings that Alaska is missing out on capital investment while other oil producing areas of the United States see record high levels of investment. Legislators had the opportunity to ask witnesses for PFC Energy questions about their testimony.

Regarding expert witnesses for the administration, the Legislature and the public have also heard from Econ One Research, Inc. (Econ One) Econ One has testified our tax regime needs to be amended because it taxes too much when oil prices are high and exposes Alaska to credit obligations when prices are low. This is the exact situation the Governor's oil tax legislation proposes to fix.

As to your other questions, the Department of Revenue (DOR) is not a party to a contract with Baker Hughes, Inc. DOR is a party to a contract with Gaffney Cline & Associates Inc. (GCA) Rather than looking to the administration for expert witnesses, I suggest you review the testimony of the experts already provided. There will be additional opportunities to ask questions when our oil tax legislation reaches the House Finance Committee.

I hope you find this information to be useful. Please do not hesitate to contact me if you have further questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "Bryan Butcher".

Bryan Butcher
Commissioner