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ALASKA STATE SENATE
Juneau, Alaska

August 9, 2006

Dear Honorable State Senators:

Today you will have an opportunity to make good on your oath of office to uphold the Alaska State Constitution & our laws by deliberating on, & possibly voting on, a change to our oil & gas tax laws.

This oil & gas taxation issue is bigger than just our generation now, as it will cast a shadow over future generations of Alaskans. That shadow can be a reassuring comfort of future financial security or it can be a gloomy reminder of a giveaway of our resources & wealth to outside interests, as has been the history of Alaska prior to Statehood. I've been in Alaska since 1966 & wish to remain here. As such, I'm concerned about many of our public policy decisions that benefit us Alaskans, as recipients of part of our natural resource development wealth, and as owners of those same resources, per our Alaska Constitution, Article VIII. I consider my political & economic philosophy to be that of "Conservative Independent" & appreciative of free market capitalism, & am registered to vote as a Non-Partisan, like many Alaskans, not a Republican or a Democrat.

Any development philosophy & taxation policy must keep our state constitution in mind, just as you need to keep your oaths of office in mind. On one hand, the Legislature is being asked to forego any changes to oil taxation for many decades, regardless of changing conditions or situations, & to allow the taxation of multi-national corporations, not headquartered in Alaska, on their net profits from their Alaska operations. This is the crux of Gov. Murkowski's PPT proposal in CSHB3001, as part of his deal with the oil producers. On the other hand, there have been some proposals, notably from some legislative

Democrats & Republican Sen. Tom Wagoner, that would tax the gross production of the value of the resource as it leaves the ground, as is done in other states. This latter proposal is much simpler to administrate & calculate & should allow for easier financial planning & resource development for the businesses doing the resource extraction, without any manipulation, legal or otherwise, of their financial records in order to minimize their tax liability, & without causing any giveaway of revenue destined for Alaska.

I do not work for, or own any shares of, any of the oil companies doing business in Alaska. I would rather see the private sector develop Alaska's resources rather than the public sector. I also would NOT want the state government to grow any larger as a result of increased revenues from resource development. But because I am a citizen of Alaska & part owner of these resources, I would want my representatives, you Senators & Representatives, & hopefully the Governor also, to best represent the public interest & not any outside special interest, notwithstanding that we are "partners" with the oil companies, to some extent. The state has a regulatory role in protecting our resources & our wealth derived from our resource development. As such, our taxation policies should reflect that: Not excessive but not blindly lax either. You legislators should be approaching this issue from what is good for Alaska & in getting the best deal for Alaska. Alaska is not just the state government, but also its people & its resources & its history & its traditions & its future. Your are to represent us accordingly, not multi-national corporations with headquarters in London, Houston, or elsewhere around the globe. This issue may be different if we did not have ownership responsibility as per Article VIII of the state constitution and/or if the oil producers were Alaskan owned companies and/or if the resources were owned by the property owning entities on the land's surface. This issue is not about political parties, or about being for or against the Governor, or being for or against the oil producers, but about doing what is right in your role as guardian of the public trust. In light of British Petroleum's recent shutdown of most of Prudhoe Bay because of neglected maintenance causing the pipeline corrosion, you should now see the immediate urgency of "doing the right thing for Alaska" in regards to changing our tax policies.

I would urge you to VOTE AGAINST CSHB3001 as presently written & adopt a more realistic & simpler gross production tax based upon the value of the resource at time of extraction, with some tax incentives for exploration &

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development, NOT recurring pipeline maintenance expenses, & NOT a net profits tax filled with accounting loopholes.

Please include this written statement in any of your public hearings & deliberations on this matter. **ALASKA FIRST!**

Sincerely,

William "Bill" Topel

<http://www.freedomwriter.com>

cc: All 20 Alaska State Senators