Compass: ACES did nothing for Alaska; vote no on oil tax repeal

By RICK ROGERSMay 2, 2014

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You may have heard the lawyer's admonition that if you don't have the law, you argue the facts; if you don't have the facts, you argue the law; if you have neither, you argue the Constitution.

Proponents of the old, failed Alaska's Clear and Equitable Share (ACES) oil tax have taken that a step further. Without facts to argue, they want to make up their own. Chancy Crofts' recent column, touting ACES and urging voters to repeal the new tax law, was a case in point. Long on rhetoric, short on facts. You would think a lawyer and former state senator would know better.

Facts, it turns out, do matter and statements in his column were fundamentally untrue, unsupported by any data or public record. Croft says oil production was going up under ACES; in truth, production was dropping like a rock, with throughput in the trans-Alaska oil pipeline drying up at a rate of 6 percent to 8 percent a year. And it gets worse: While production declined here, it increased in all other American oil-producing states.

He says the oil tax reform is a "giveaway," that it is costing the state. As Dr. Scott Goldsmith of the University of Alaska's Institute of Social and Economic Research (ISER) explains in his report released on May 1, there is no giveaway. Let me repeat -- the so-called "giveaway" is a myth. With oil prices and production down, the state faced a revenue shortfall this year; only 4 percent of that shortfall can be attributed to the new tax law. Dr. Goldsmith's independent voice should clarify for voters that current deficits are a result of lower oil prices and higher production costs, not tax reform.

For the upcoming fiscal year starting July 1, the latest revenue projections show the state will take in more revenue under the new tax structure. So the state gets more, not less.

Virtually every single aspect of ACES was a failure despite Croft's assertion that it was sound tax policy. The old tax made Alaska so unattractive that investment dollars went to places such as North Dakota. It was so bad that even those who now want to return to the system say it needs to be overhauled. As recently as a month ago, leading Democrats in the Legislature, including Sens. Hollis French and Bill Wielechowski, and Rep. Les Gara, said ACES needed repair.

Croft goes on to claim Pioneer Natural Resources decided to invest in Alaska because of ACES. That is untrue. He implies that Eni Petroleum decided to come to Alaska because of ACES. That is inaccurate. He mischaracterizes Repsol's recent entry on the North Slope as somehow related to ACES. Again, inaccurate: Repsol has said it came to Alaska only after it became clear the state intended to change the volatile ACES tax structure.

Voting no on the misguided referendum on Aug. 19 is the only chance Alaska has to stay on the right economic track. There is strong evidence -- real evidence, not rhetoric -- that the reform is working. Just a few weeks ago, the state forecast 13,500 additional barrels of oil moving through the pipeline this year because of the new activity on the Slope that has occurred since oil tax reform was enacted. Most important, the number of Alaska jobs has been steadily climbing as the industry responds to the new tax structure and hustles new projects. And the state forecasts the industry will spend at least $10 billion on new North Slope projects over the next 10 years.

We can't turn back on the progress we've made already under the new system.

This fight is about our shared future. Jobs. Our economy. We need more oil, not less. It pays for 90 percent of state government and increases royalty payments to the Permanent Fund. All of that is good for Alaska.

As for Croft and his supporters, they are entitled to their own opinions. But the facts demonstrate clearly why Alaskans should vote no on Ballot Measure 1.

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