District 31 Constituent Surveys
State of Alaska- Revenue Options
Representative Paul Seaton

Monday, October 12, 2015

Thank you to all the constituents who completed the survey or attended one of the Town Hall Meetings to share their feedback.

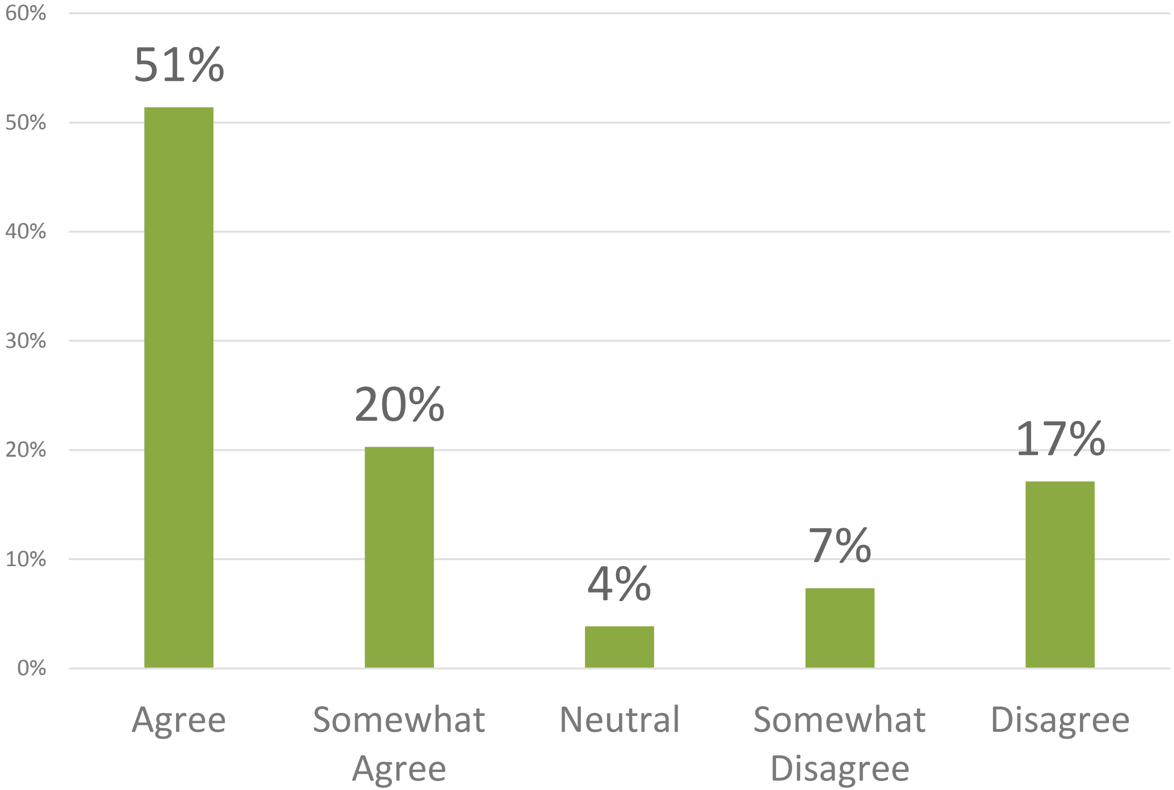
This presentation combines the results from three surveys completed by mainly District 31 constituents.
Please note:

- Some people did not answer every question in the survey they took, therefore the total answers for each question will vary;
- Some people may have taken both the on-line survey as well as participated in a Town Hall survey;
- It is possible that some surveys were completed by constituents outside of District 31;
- Some On-line survey questions were not asked at the Town Halls due to time constraints.

On-line Survey: 198 completed; open from 8/18/15 to 10/12/15; survey link sent to Representative Seaton's newsletter list serve and advertised in local Homer area newspapers.
Town Hall Meeting Ninilchik: 19 participated in live survey 9/10/15.
Town Hall Meeting Homer: 79 participated in live survey 9/11/15.
Total: 296 surveys completed.

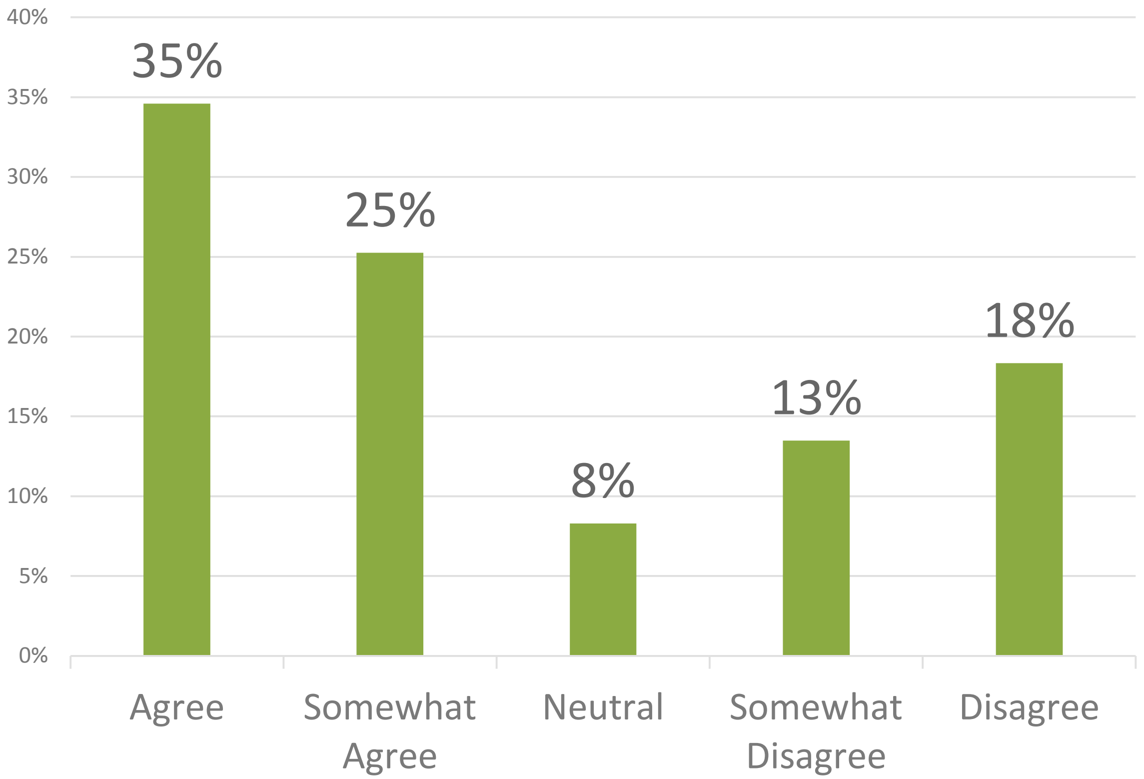
Q1: Do you support a Personal Income Tax?

	Homer	Ninilchik	Online	Total	% of Total
Agree	47	11	89	147	51%
Somewhat Agree	15	2	41	58	20%
Neutral	2	0	9	11	4%
Somewhat Disagree	4	4	13	21	7%
Disagree	9	0	40	49	17%
Total	77	17	192	286	100%



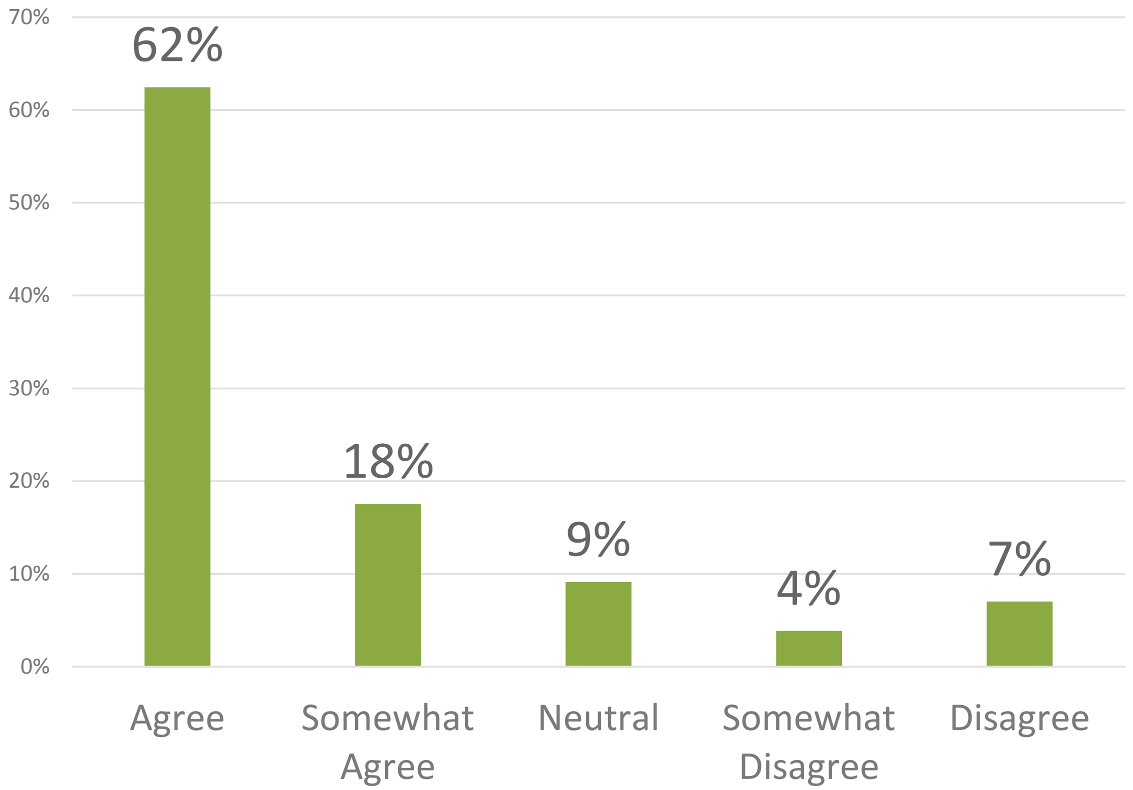
Q2: Do you support a Capital Gains Tax?

	Homer	Ninilchik	Online	Total	% of Total
Agree	35	7	58	100	35%
Somewhat Agree	16	4	53	73	25%
Neutral	7	1	16	24	8%
Somewhat Disagree	8	3	28	39	13%
Disagree	13	3	37	53	18%
Total	79	18	192	289	100%



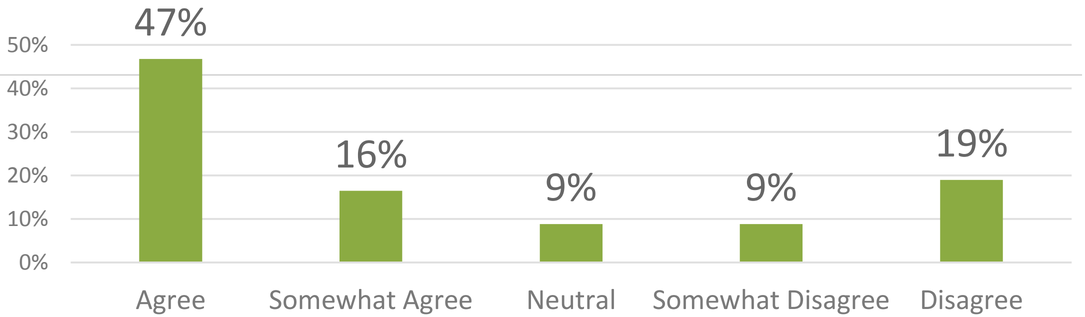
Q3: Do you support an increase in the maximum rate of Corporate Income Tax?

	Homer	Ninilchik	Online	Total	% of Total
Agree	61	12	105	178	62%
Somewhat Agree	5	3	42	50	18%
Neutral	4	2	20	26	9%
Somewhat Disagree	2	1	8	11	4%
Disagree	2	0	18	20	7%
Total	74	18	193	285	100%



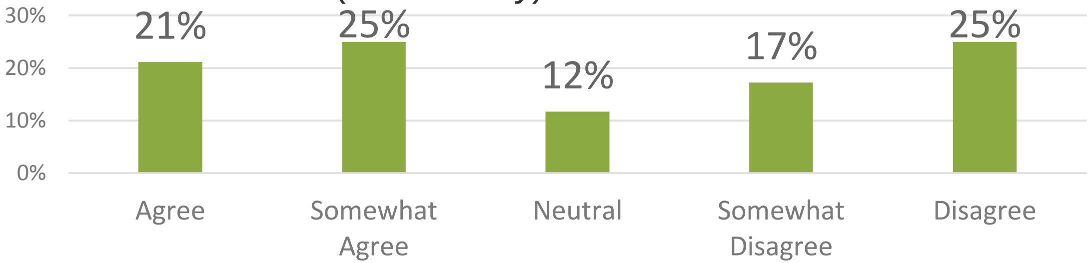
Q4: Do you support a School Tax? (Town Halls only)

	Homer	Ninilchik	Total	% of Total
Agree	33	4	37	47%
Somewhat Agree	12	1	13	16%
Neutral	6	1	7	9%
Somewhat Disagree	7	0	7	9%
Disagree	15	0	15	19%
Total	73	6	79	100%



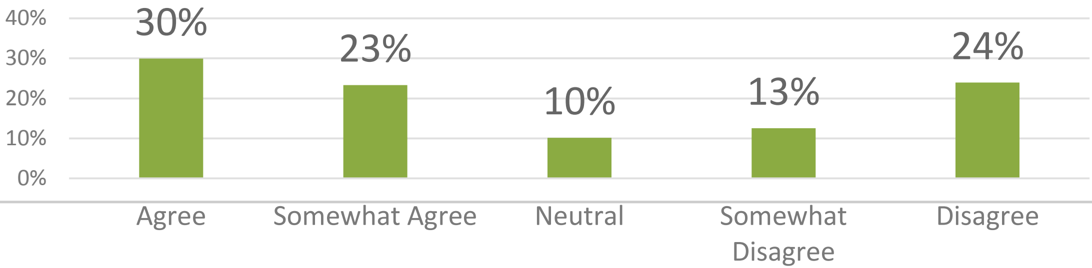
Q4: Do you support a FLAT School Tax? (Online only)

	Online	% of Total
Agree	38	21%
Somewhat Agree	45	25%
Neutral	21	12%
Somewhat Disagree	31	17%
Disagree	45	25%
Total	180	100%



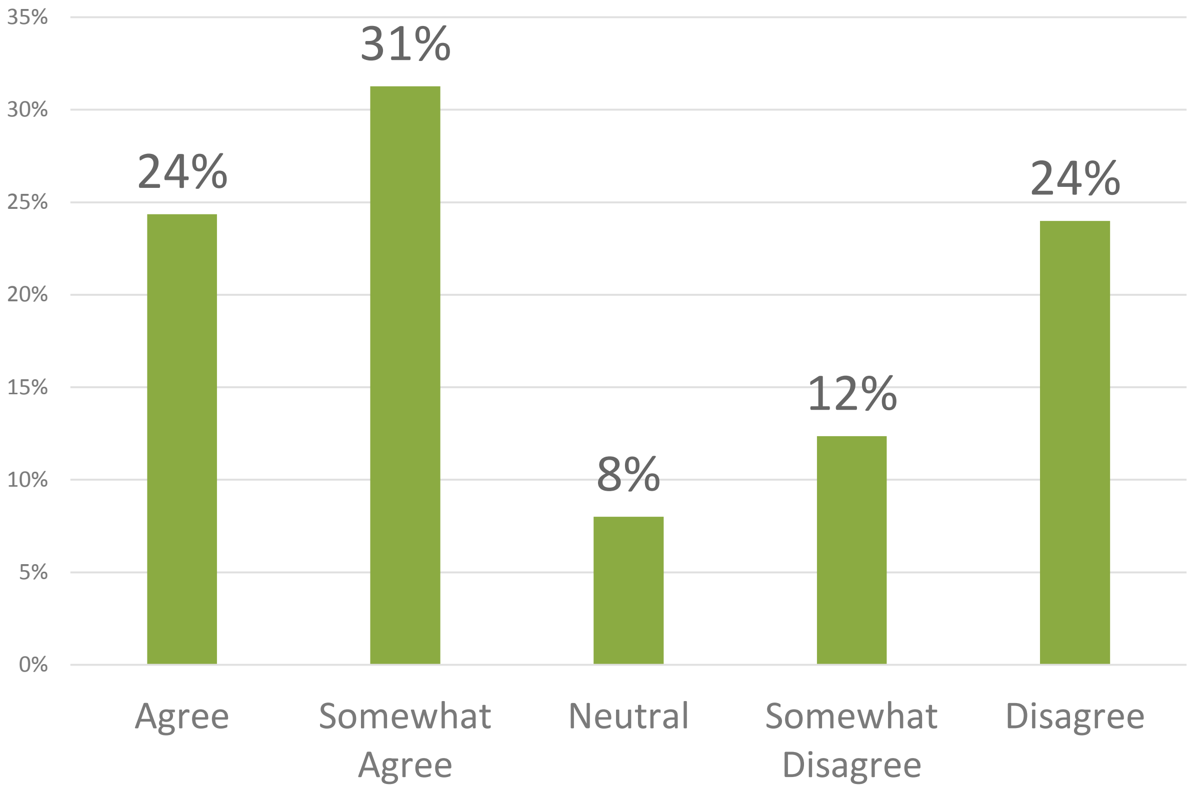
Q4: Do you support a PROGRESSIVE School Tax? (Online only)

	Online	% of Total
Agree	50	30%
Somewhat Agree	39	23%
Neutral	17	10%
Somewhat Disagree	21	13%
Disagree	40	24%
Total	167	100%



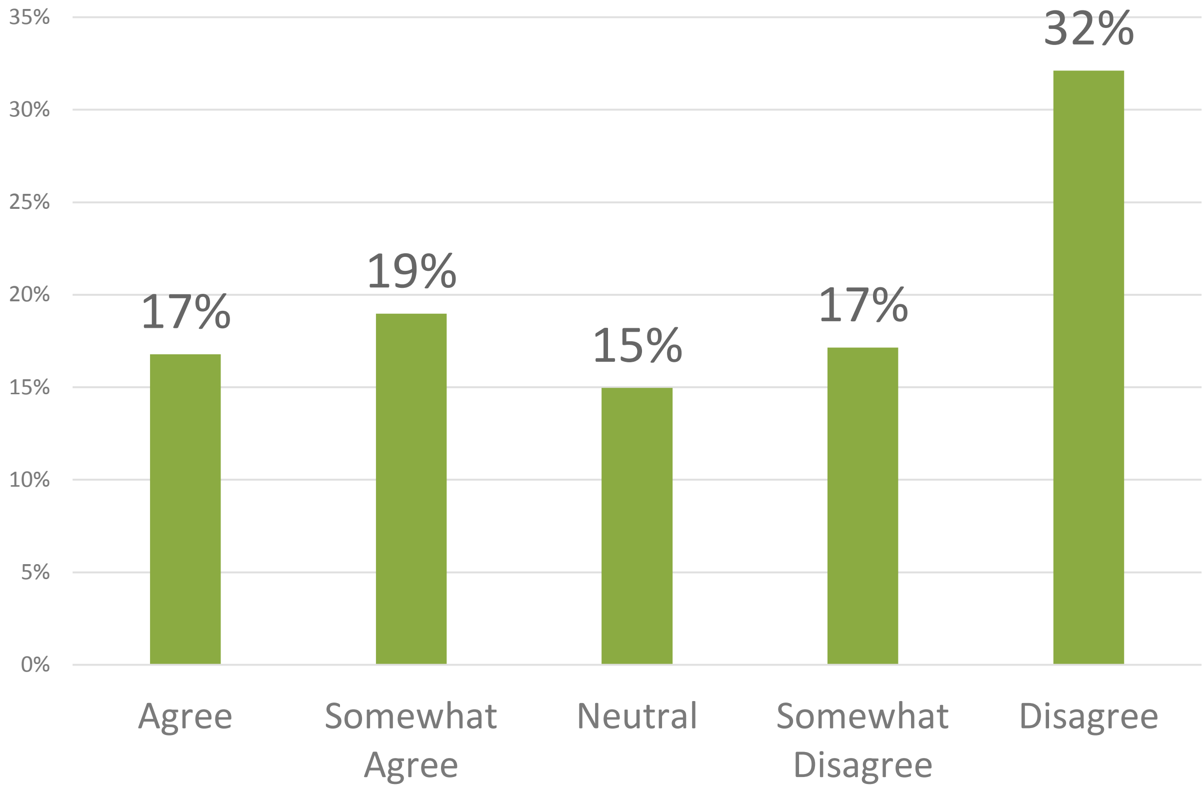
Q5: Do you support a State Sales Tax?

	Homer	Ninilchik	Online	Total	% of Total
Agree	22	4	41	67	24%
Somewhat Agree	16	5	65	86	31%
Neutral	5	3	14	22	8%
Somewhat Disagree	9	2	23	34	12%
Disagree	21	3	42	66	24%
Total	73	17	185	275	100%



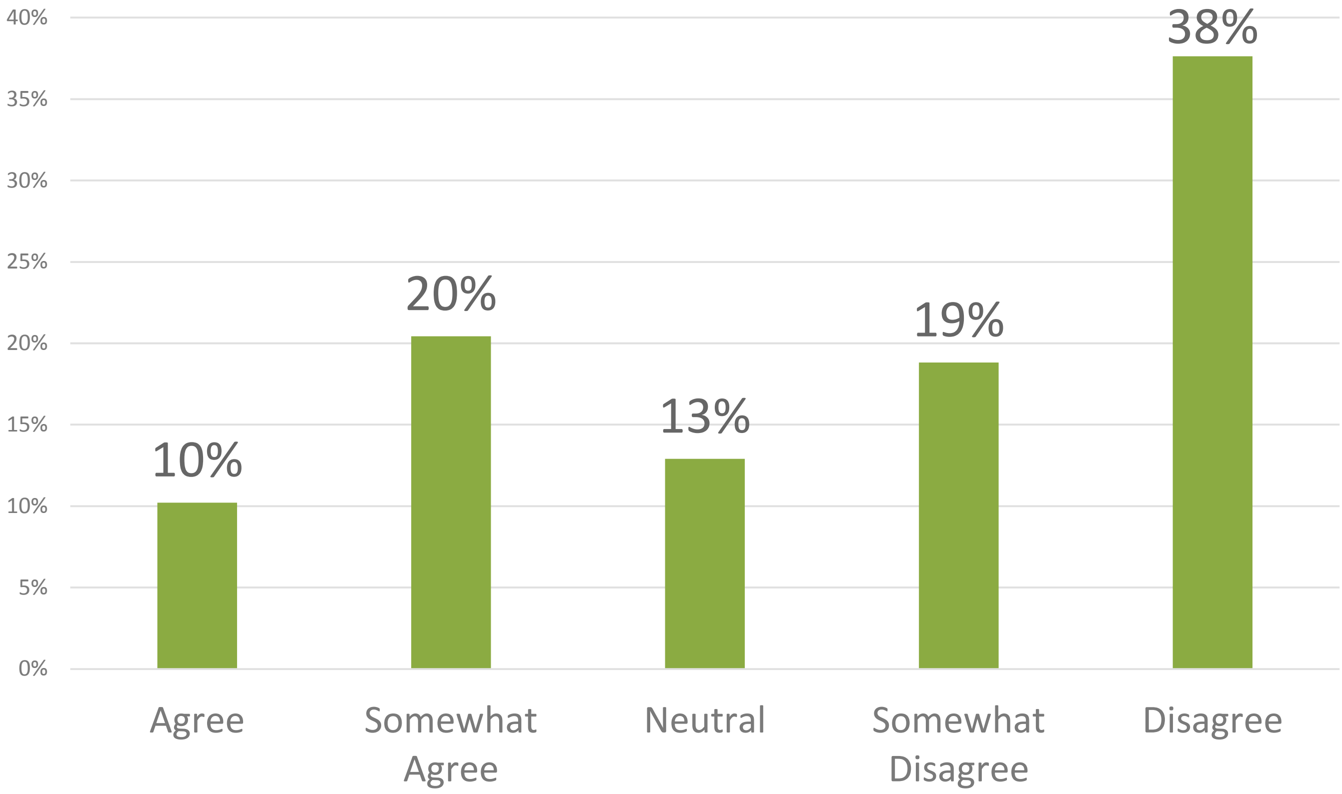
Q6: Do you support a Gross Receipt Tax?

	Homer	Ninilchik	Online	Total	% of Total
Agree	14	2	30	46	17%
Somewhat Agree	18	0	34	52	19%
Neutral	5	2	34	41	15%
Somewhat Disagree	6	2	39	47	17%
Disagree	30	10	48	88	32%
Total	73	16	185	274	100%



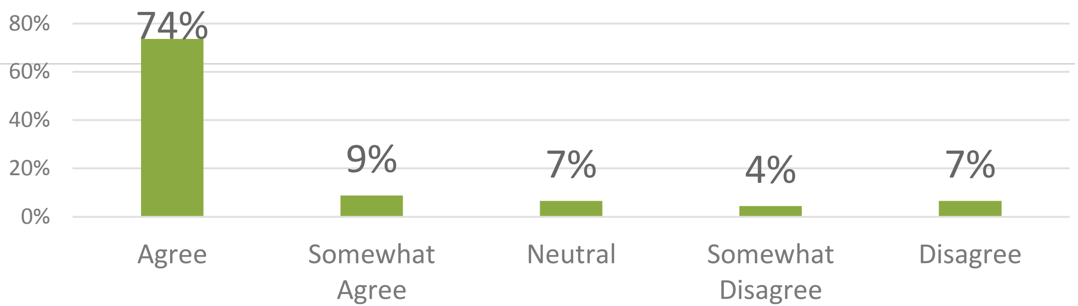
Q7: Do you support a State Property Tax? (Online only)

	Online	% of Total
Agree	19	10%
Somewhat Agree	38	20%
Neutral	24	13%
Somewhat Disagree	35	19%
Disagree	70	38%
Total	186	100%



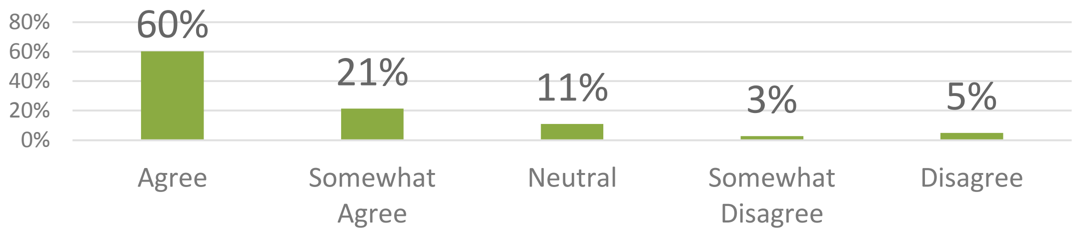
Q8: Do you support a Mining Tax Increase AND removing the Depletion Allowance for Mines? (Town Halls only)

	Homer	Ninilchik	Total	% of Total
Agree	56	11	67	74%
Somewhat Agree	4	4	8	9%
Neutral	4	2	6	7%
Somewhat Disagree	3	1	4	4%
Disagree	5	1	6	7%
Total	72	19	91	100%



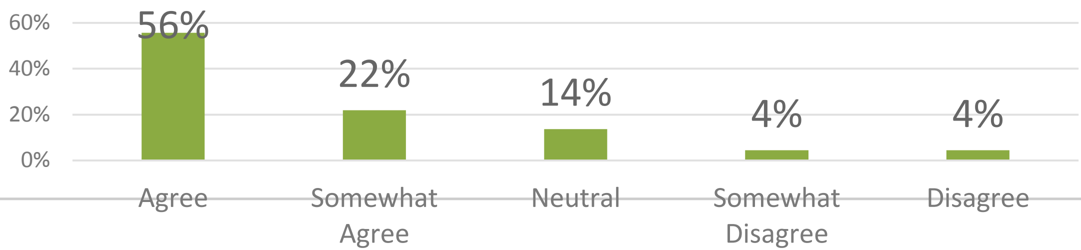
Q8: Do you support a Mining Tax Increase? (Online only)

	Online	% of Total
Agree	110	60%
Somewhat Agree	39	21%
Neutral	20	11%
Somewhat Disagree	5	3%
Disagree	9	5%
Total	183	100%



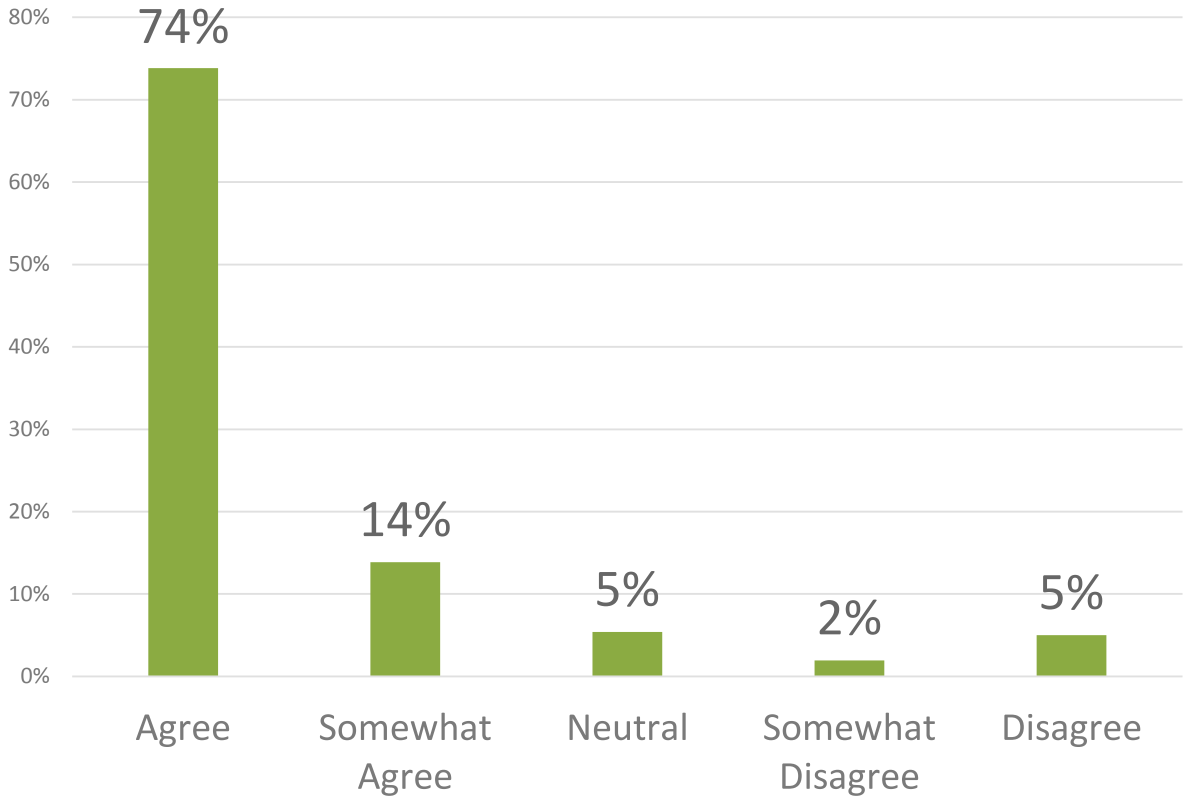
Q9: Do you support removing the Depletion Allowance for Mines? (Online only)

	Online	% of Total
Agree	102	56%
Somewhat Agree	40	22%
Neutral	25	14%
Somewhat Disagree	8	4%
Disagree	8	4%
Total	183	100%



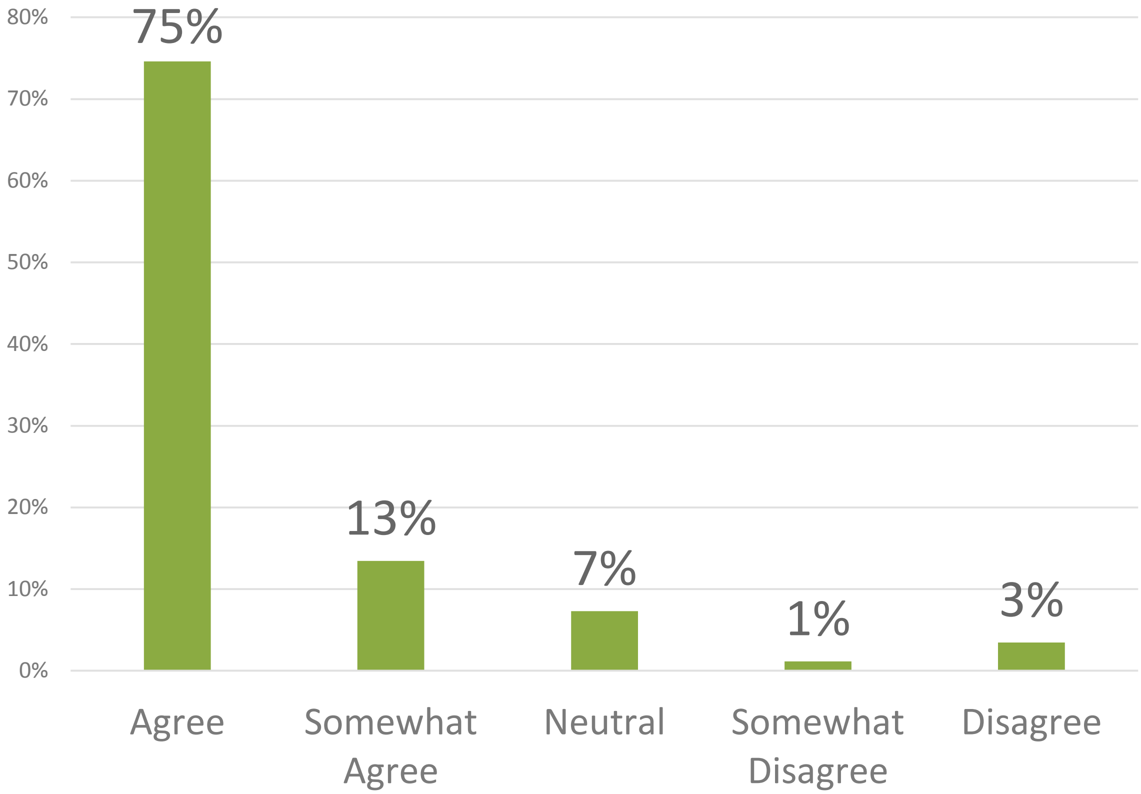
Q10: Would you support some change in Oil and Gas Taxes to increase revenue?

	Homer	Ninilchik	Online	Total	% of Total
Agree	59	11	122	192	74%
Somewhat Agree	6	5	25	36	14%
Neutral	2	0	12	14	5%
Somewhat Disagree	1	0	4	5	2%
Disagree	3	1	9	13	5%
Total	71	17	172	260	100%



Q11: Do you support Separate Accounting for Oil and Gas Companies?

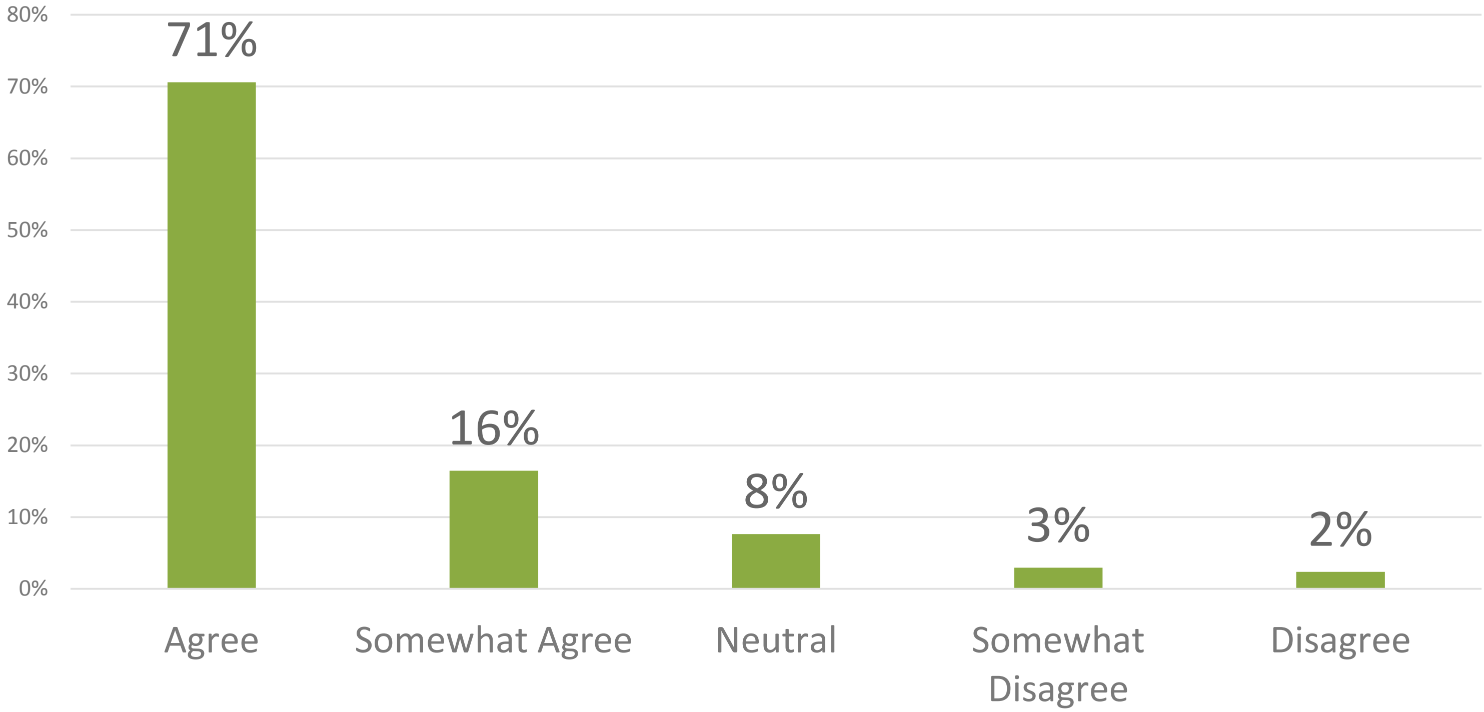
	Homer	Ninilchik	Online	Total	% of Total
Agree	68	15	111	194	75%
Somewhat Agree	2	3	30	35	13%
Neutral	0	0	19	19	7%
Somewhat Disagree	0	0	3	3	1%
Disagree	2	0	7	9	3%
Total	72	18	170	260	100%



Q12: Do you support a Flat Tax rate for Non-CIT Petroleum Companies?

(Online Only) Non-CIT companies are those companies which, due to corporate structure or other reasons, do not pay the corporate income tax in Alaska. For example, a limited liability corporation (LLC) does not pay corporate income taxes. This option would impose a flat tax rate on all petroleum companies which do not pay corporate income tax due to their structure.

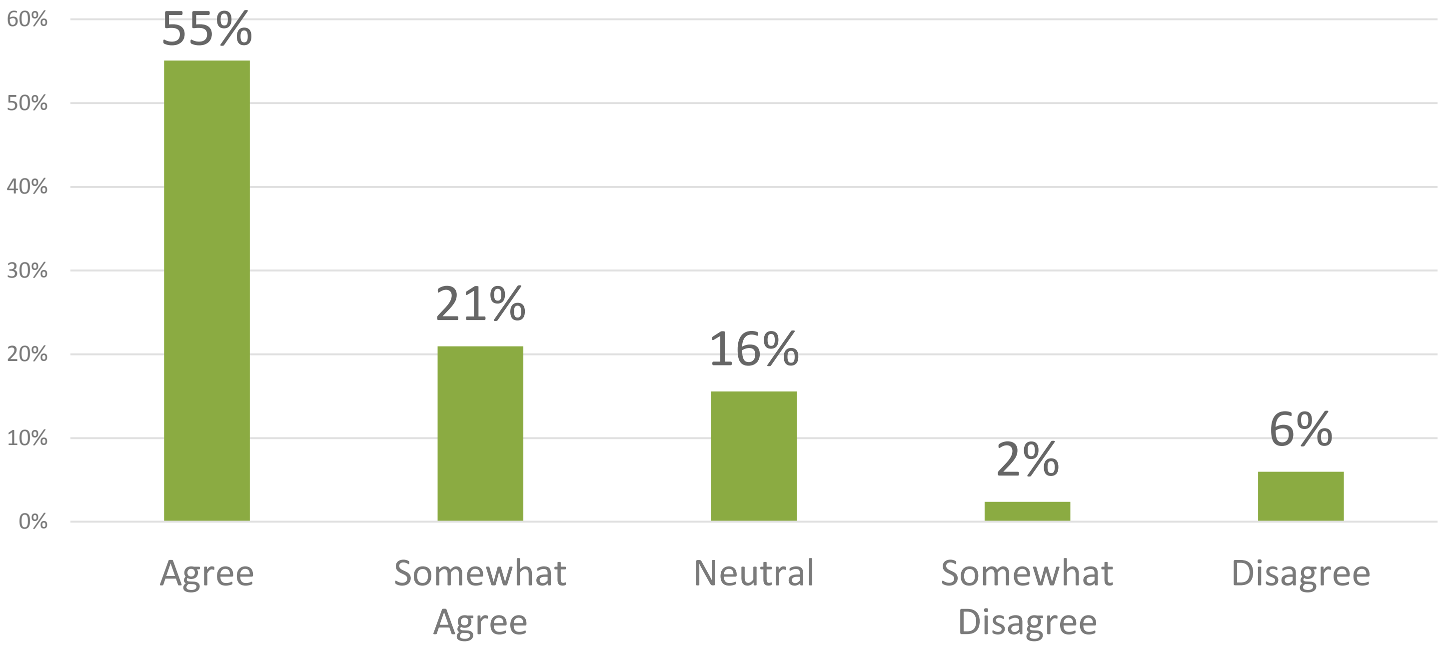
	Online	% of Total
Agree	120	71%
Somewhat Agree	28	16%
Neutral	13	8%
Somewhat Disagree	5	3%
Disagree	4	2%
Total	170	100%



Q13: Do you support an increase in the Net Severance Tax for Oil & Gas Companies?
(Online Only)

The severance or production tax is a tax on oil and gas companies for extracting a non-renewable resource from the state. It is separate from the royalty the state is paid for its ownership of the oil. Currently, the net tax rate for North Slope oil production is 35% of production tax value or their tax liability. Several credits and exclusions can reduce a company's tax liability, meaning a company does not pay a 35% tax on their total revenue. This option would increase tax rates and assumes no change to other tax provisions such as minimum tax and credits.

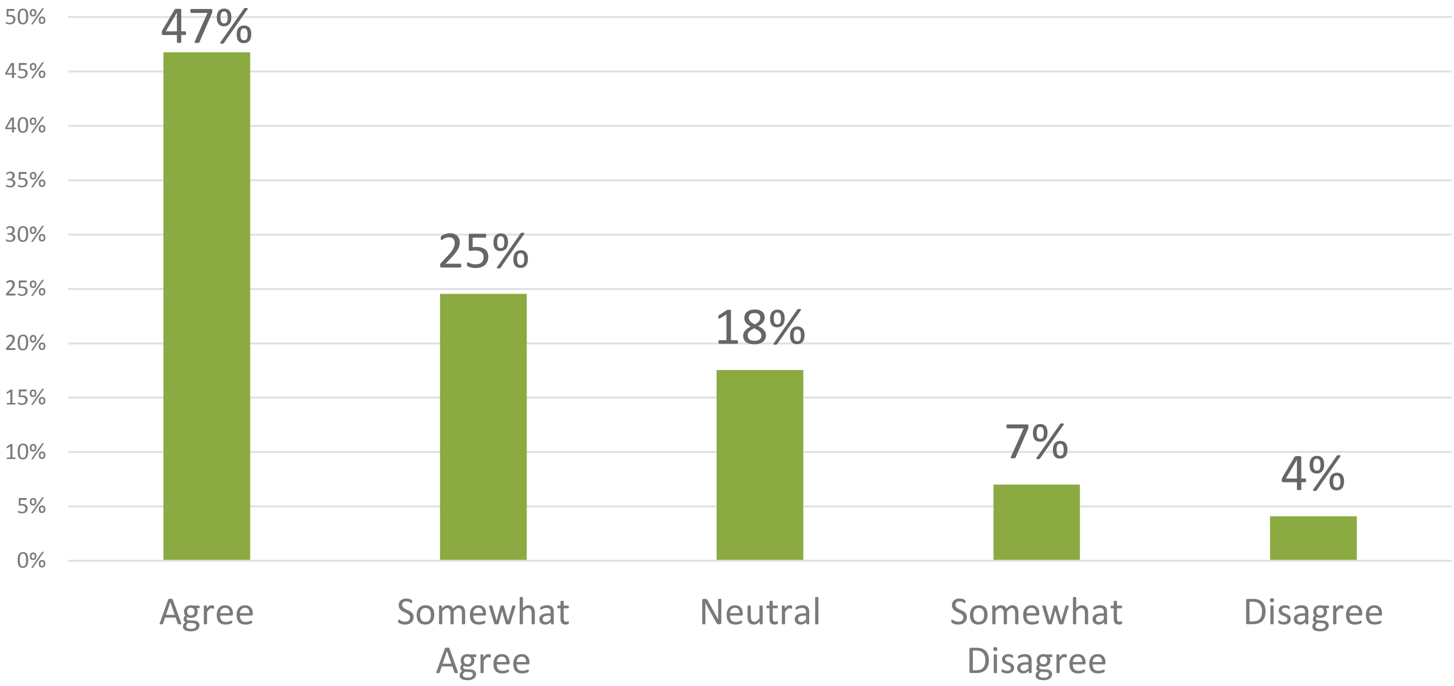
	Online	% of Total
Agree	92	55%
Somewhat Agree	35	21%
Neutral	26	16%
Somewhat Disagree	4	2%
Disagree	10	6%
Total	167	100%



Q14: Do you support removing the Gross Value Reduction for Oil & Gas Company tax calculations? (Online Only)

A component of SB 21 incentivizing the development of new production areas, the Gross Value Reduction (GVR) excludes 20% of the gross value of production (GVPP) from the tax calculation. In other words, 20% of the value of the product is subtracted from the total and is not available to be taxed. Areas surrounding a currently producing area that may be otherwise uneconomic to produce as well as new oil pools that have not yet been discovered or developed qualify for the reduction.

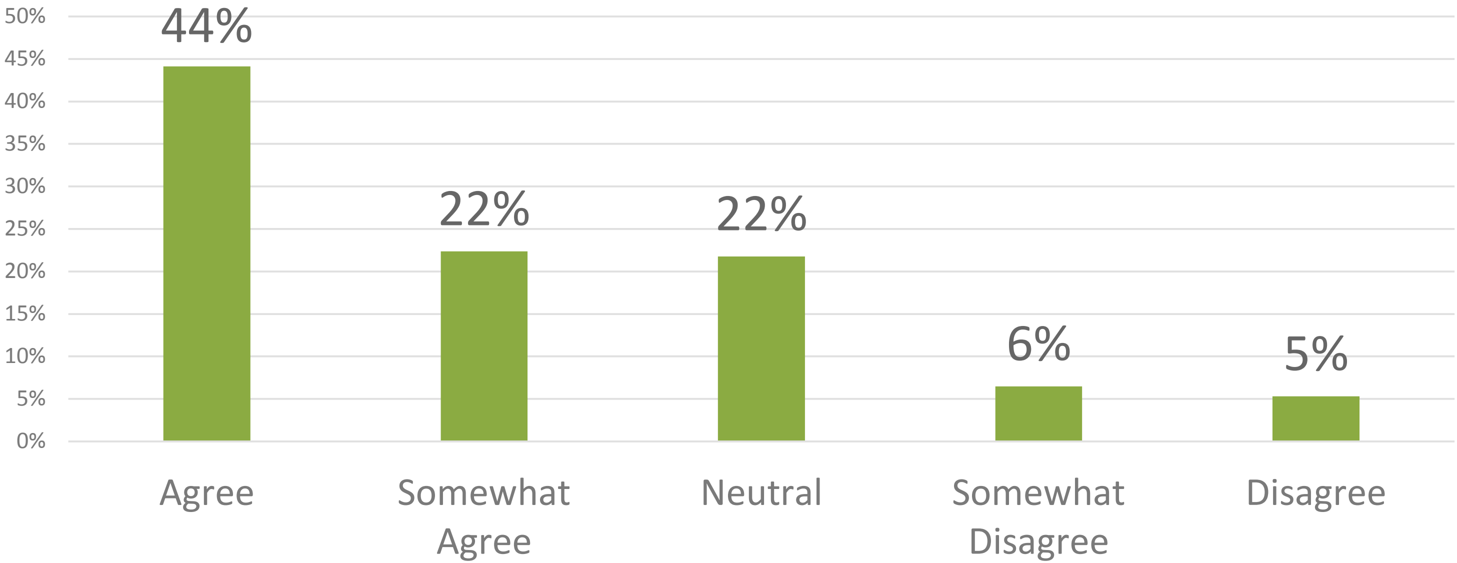
	Online	% of Total
Agree	80	47%
Somewhat Agree	42	25%
Neutral	30	18%
Somewhat Disagree	12	7%
Disagree	7	4%
Total	171	100%



Q15: Do you support raising the Current Minimum Tax for Oil & Gas Companies? (Online Only)

SB 21 implemented a gross minimum production tax of 4% of the gross value at the point of production (GVPP). The per-taxable barrel credits cannot be used to reduce a taxpayer's production tax liability below the minimum tax. However, the application of other credits besides the per-barrel credit (like the carry-forward annual loss credit) may reduce a taxpayer's tax liability to zero. The amount of additional revenue generated by raising the minimum tax depends on the price of oil. This means that at certain projected prices raising the minimum tax rate will have no effect because companies will already be paying above that rate. Raising the minimum rate would only effect those companies that are producing; it would not effect companies that are receiving credits for exploration but are not yet producing enough to pay the production tax.

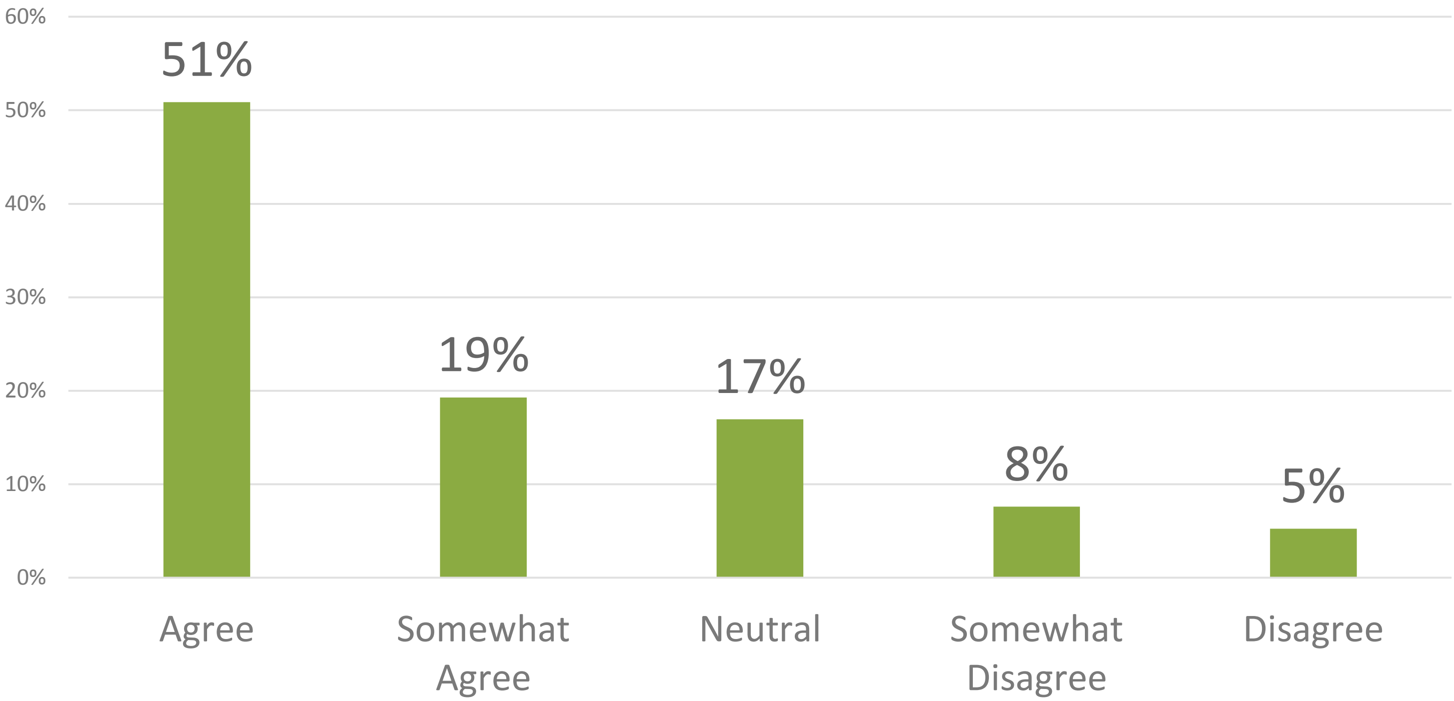
	Online	% of Total
Agree	75	44%
Somewhat Agree	38	22%
Neutral	37	22%
Somewhat Disagree	11	6%
Disagree	9	5%
Total	170	100%



Q16: Do you support removing the Cook Inlet Production Tax Cap? (Online Only)

The effective tax rates for oil and gas production in Cook Inlet are capped at the amount of the tax rate imposed on each lease or property during the period of April 1, 2005 through March 31, 2006 under ELF, or the Economic Limit Factor. For Cook Inlet oil the production tax level is effectively zero. This tax cap will be in place until Calendar Year 2022. If the tax cap is removed before then, Cook Inlet producers will pay the same tax rate as other companies, subject to deductions and credits.

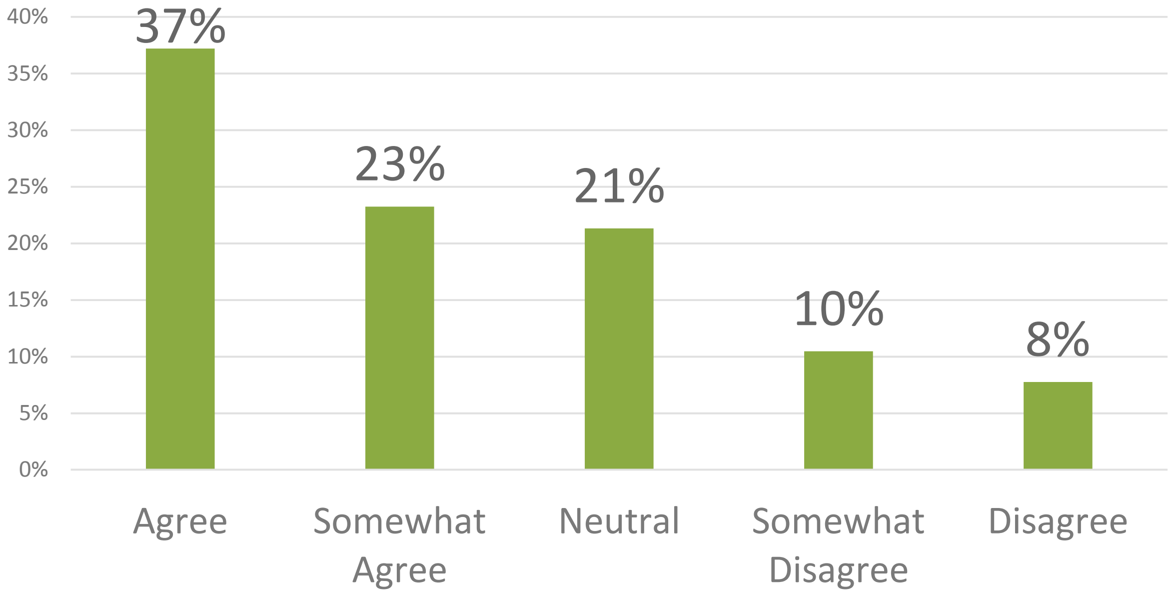
	Online	% of Total
Agree	87	51%
Somewhat Agree	33	19%
Neutral	29	17%
Somewhat Disagree	13	8%
Disagree	9	5%
Total	171	100%



Q17: Do you support adding a Natural Gas Reserves Tax?

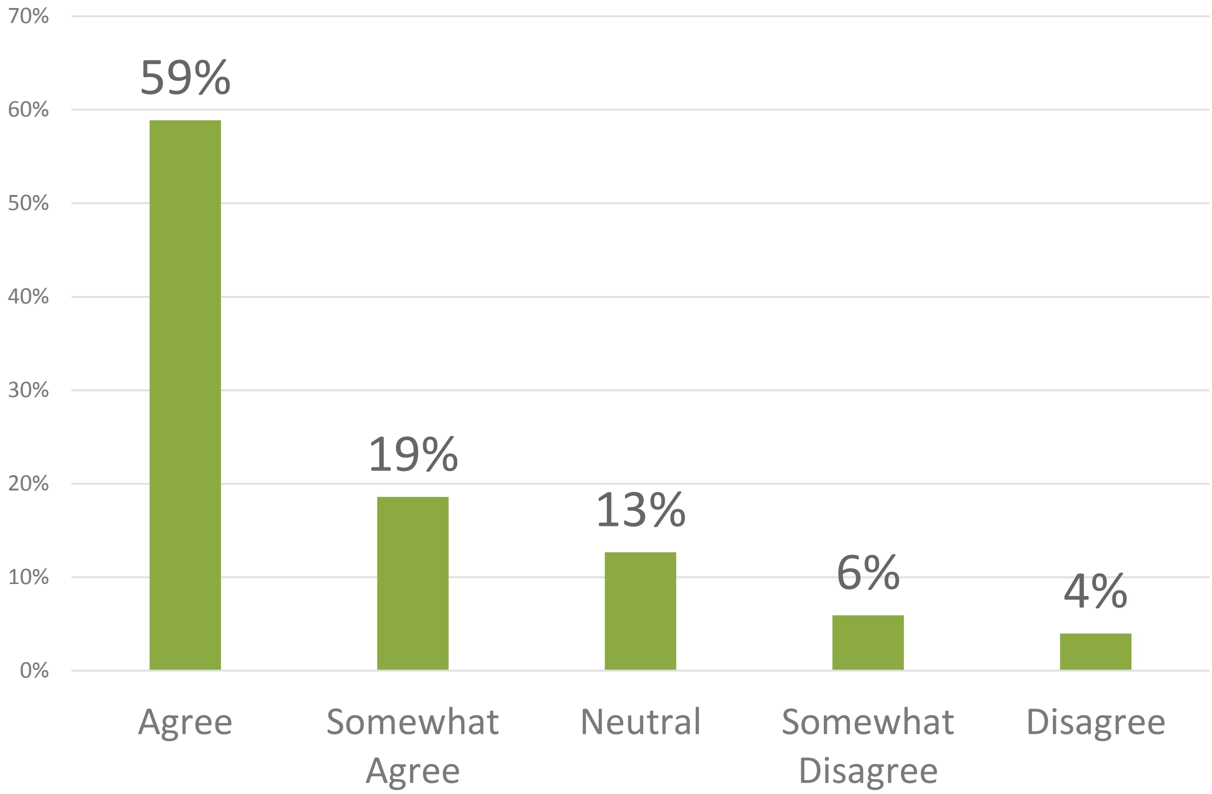
This tax is based on the 2006 “Alaska Gas Line Now! Initiative.” It assumes AK LNG (Alaska Liquefied Natural Gas) production begins in 2026. This tax would be implemented on major North Slope gas fields. Until a gas line is developed the state will levy a tax of 3 cents per 1000 cubic feet of natural gas reserves. Once the pipeline is operational the tax will become a credit valued at 50% of non-royalty production. This credit will sunset once all tax losses have been recouped by producers. This option would generate an estimated total revenue of $5.52 billion over the next 10 years. However, starting in 2026 it would also increase the state expense budget and debt as the tax is paid back to the producers from gas pipeline revenue.

	Homer	Ninilchik	Online	Total	% of Total
Agree	40	8	48	96	37%
Somewhat Agree	13	4	43	60	23%
Neutral	9	2	44	55	21%
Somewhat Disagree	5	2	20	27	10%
Disagree	4	2	14	20	8%
Total	71	18	169	258	100%



Q18: Do you support a reduction or removal of Petroleum Credits?

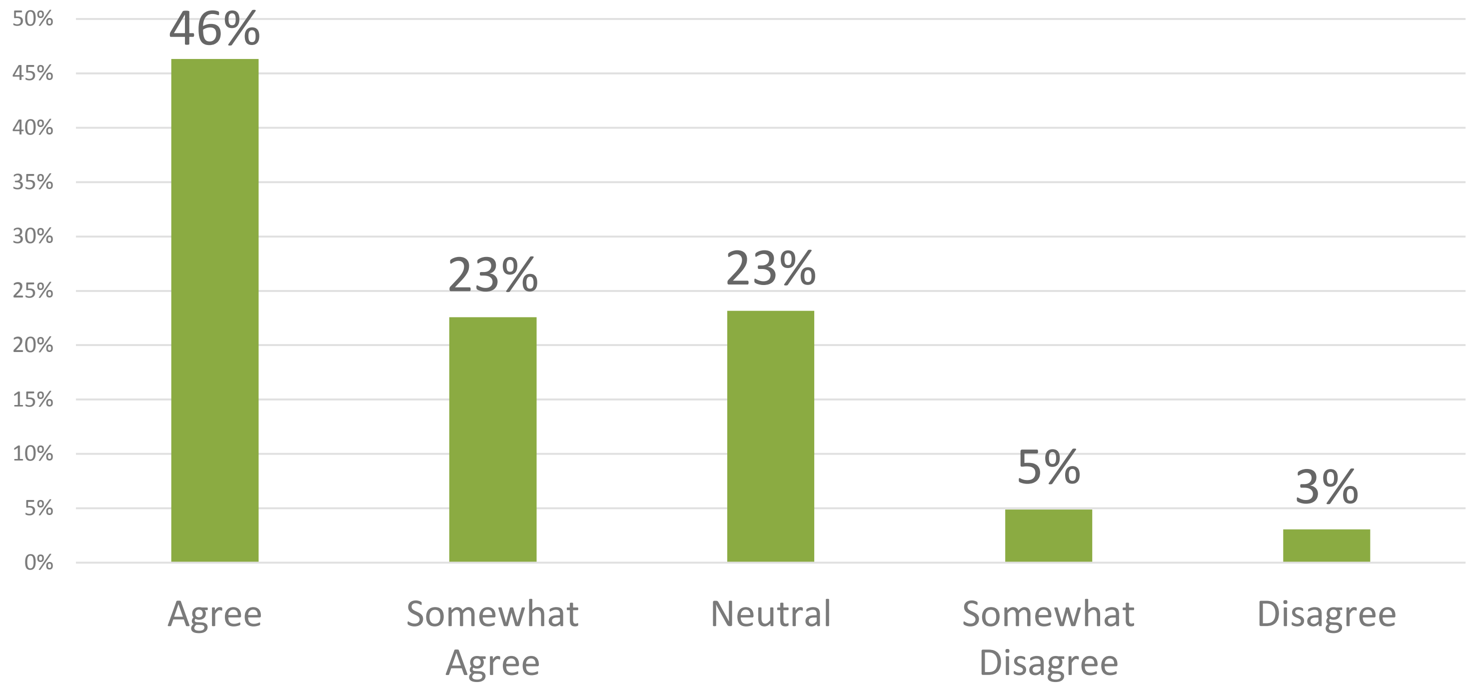
	Homer	Ninilchik	Online	Total	% of Total
Agree	54	15	80	149	59%
Somewhat Agree	10	3	34	47	19%
Neutral	2	0	30	32	13%
Somewhat Disagree	2	0	13	15	6%
Disagree	2	0	8	10	4%
Total	70	18	165	253	100%



Q19: Do you support removing North Slope Refunded Credits? (Online Only)

The carry-forward annual loss credit allows companies to "carry forward" a portion of their expenses if they have less than 50,000 barrel per day production and don't make a profit. They receive a portion of that carry forward as a state cash payment the next year. On the North Slope, the credit is 45% through 2016, when it decreases to 35%. Other refundable credits on the North Slope have already sunset or will this year, making the amount of savings negligible if the credits were removed.

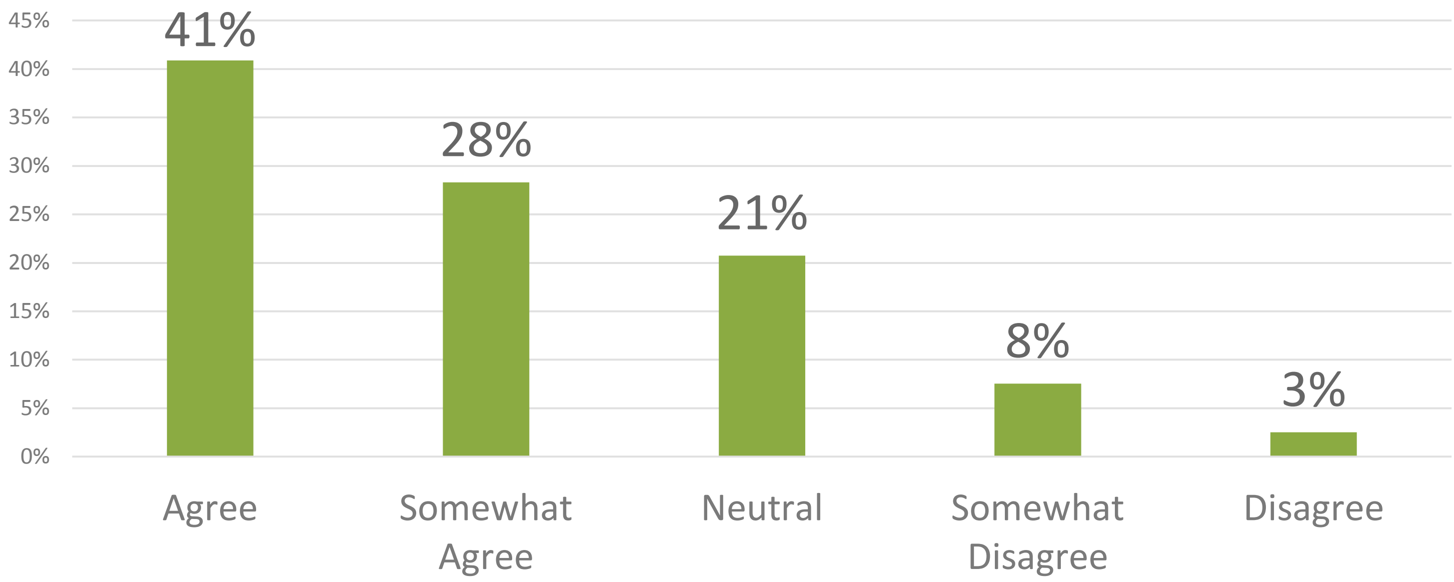
	Online	% of Total
Agree	76	46%
Somewhat Agree	37	23%
Neutral	38	23%
Somewhat Disagree	8	5%
Disagree	5	3%
Total	164	100%



Non-North Slope Refundable Credits: Many of the credits have expiration or sunset dates. This means that the state operating budget savings for removing these credits is the greatest in 2015 and diminishes over time as the credits expire, since after that date the credits are not included in the original budget and therefore cannot be saved by removal.

Q20: Do you support removing Qualified Capital Expenditures & Well Lease Expenditure credits? (Online only)

	Online	% of Total
Agree	65	41%
Somewhat Agree	45	28%
Neutral	33	21%
Somewhat Disagree	12	8%
Disagree	4	3%
Total	159	100%

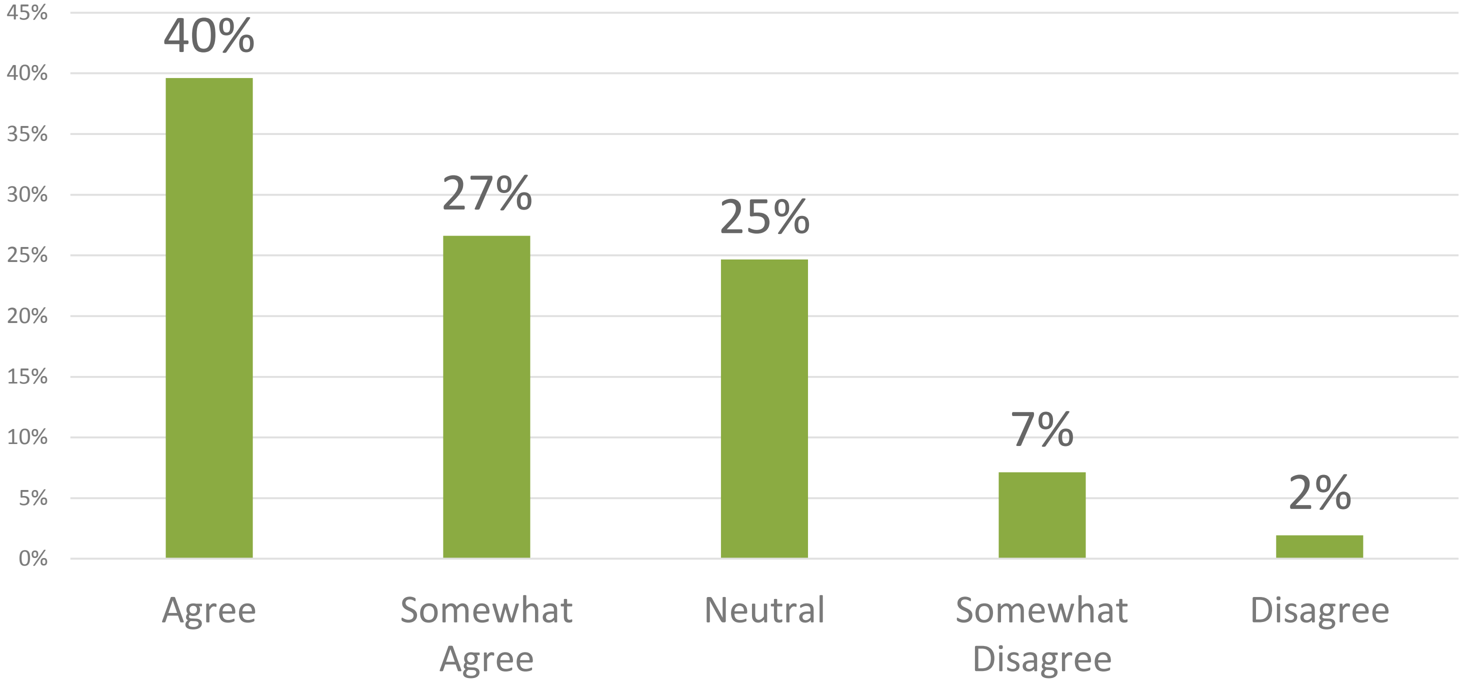


Non-North Slope refundable credits: continued

Q21: Do you support removing Carry Forward Annual Losses? (Online only)

Allows companies to “carry forward” a portion of their expenses if they have an unprofitable year and receive a state credit next year.

	Online	% of Total
Agree	61	40%
Somewhat Agree	41	27%
Neutral	38	25%
Somewhat Disagree	11	7%
Disagree	3	2%
Total	154	100%

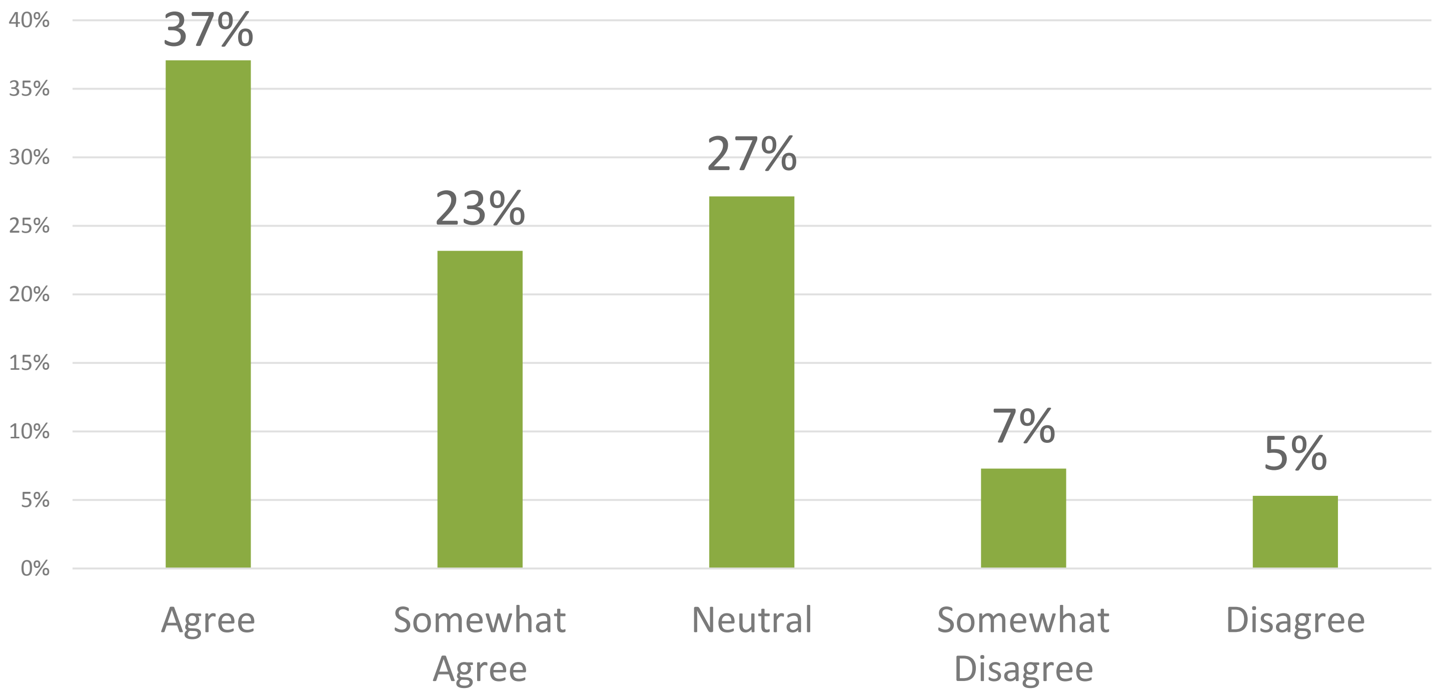


Non-North Slope refundable credits: continued

Q22: Do you support removing AS 43.55.025 Credits? (Online only)

Includes the Alternative Credit for Exploration, the Cook Inlet Jack-up Rig Credit, and the Frontier Basin Credit. Some expire in 2016.

	Online	% of Total
Agree	56	37%
Somewhat Agree	35	23%
Neutral	41	27%
Somewhat Disagree	11	7%
Disagree	8	5%
Total	151	100%

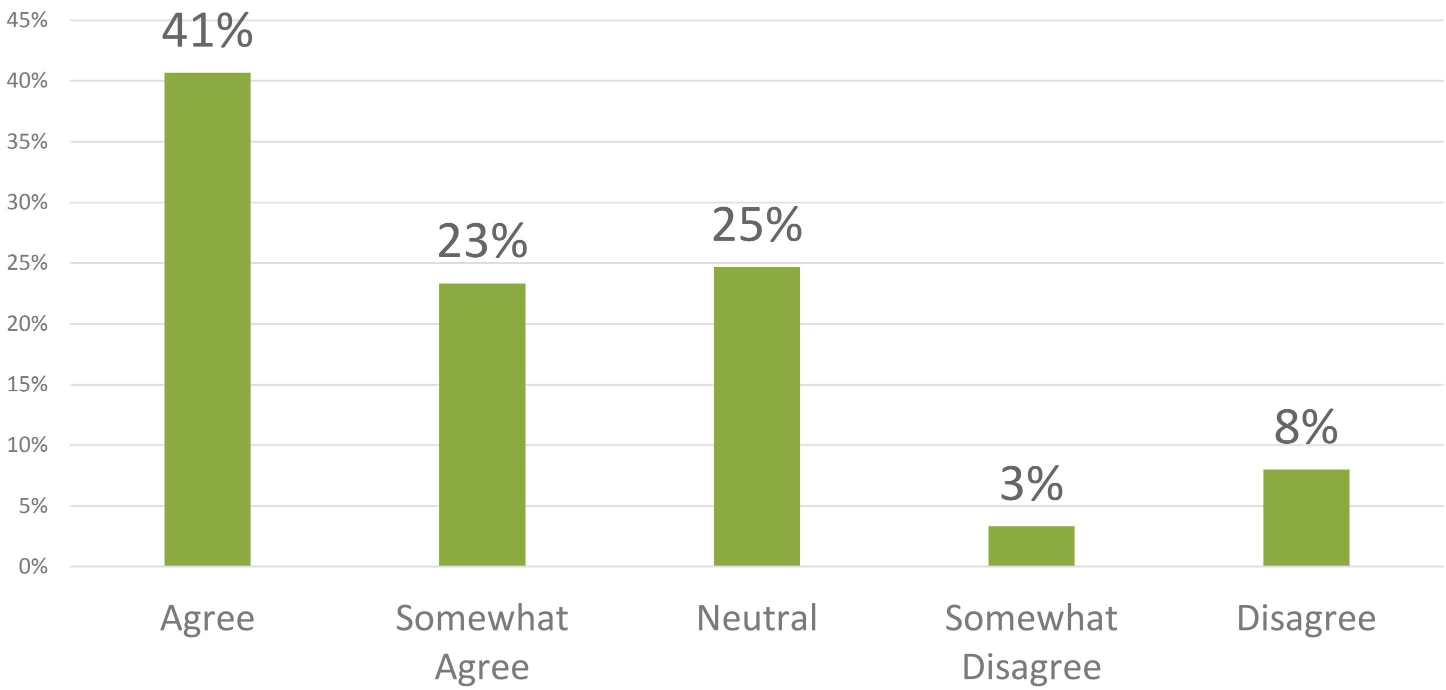


Non-North Slope refundable credits: continued

Q23: Do you support removing AS 43.20 Credits? (Online only)

Includes the Oil and Gas Service Industry Expenditures Credit, Gas Exploration and Development Credit, In-State Refinery Tax Credit, Gas Storage Facility Credit, and the LNG Storage Facility Credit.

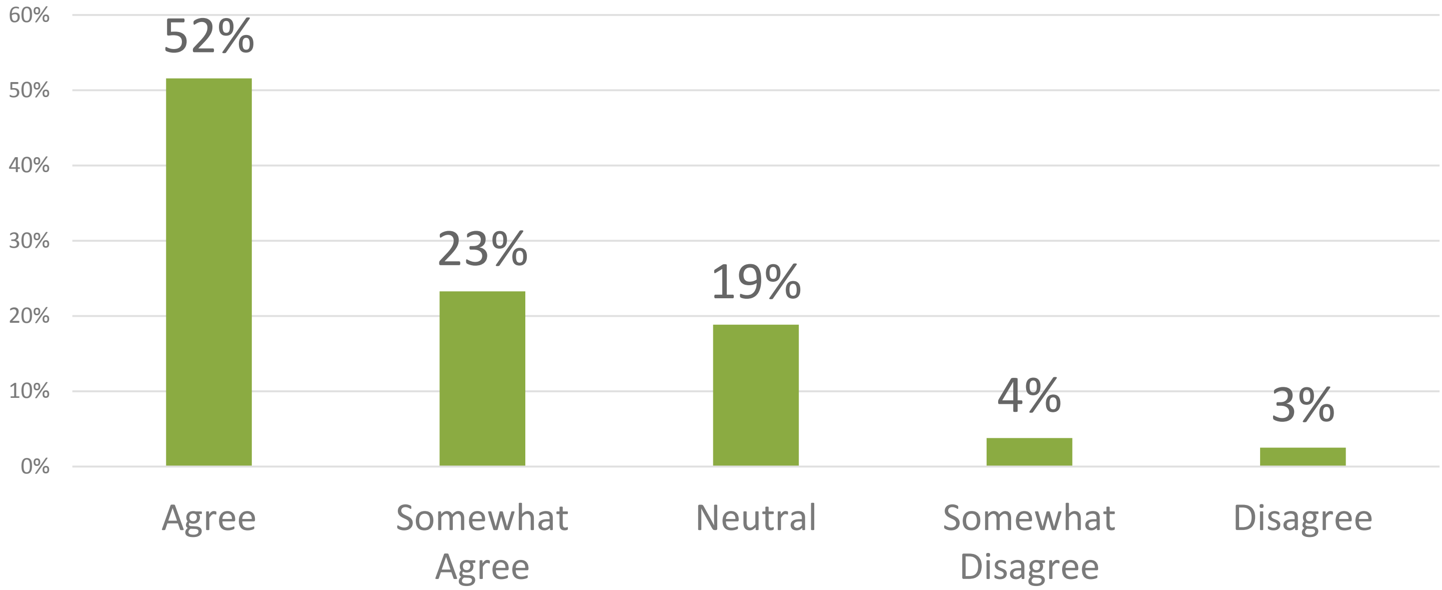
	Online	% of Total
Agree	61	41%
Somewhat Agree	35	23%
Neutral	37	25%
Somewhat Disagree	5	3%
Disagree	12	8%
Total	150	100%



Q24: Do you support removing or reducing North Slope Credits used against Tax Liability? (Online only)

Per Taxable Barrel: Beginning in 2014, for areas of the North Slope that are not eligible for gross value reduction (GVR), the credit is a dollar-per-taxable-barrel credit ranging from $0-$8 based on the gross value (of the product) at the point of production. For areas of the North Slope that do qualify for the GVR, the credit is $5 per taxable barrel. The Credit cannot lower the tax liability below the minimum (4%), but other credits can.

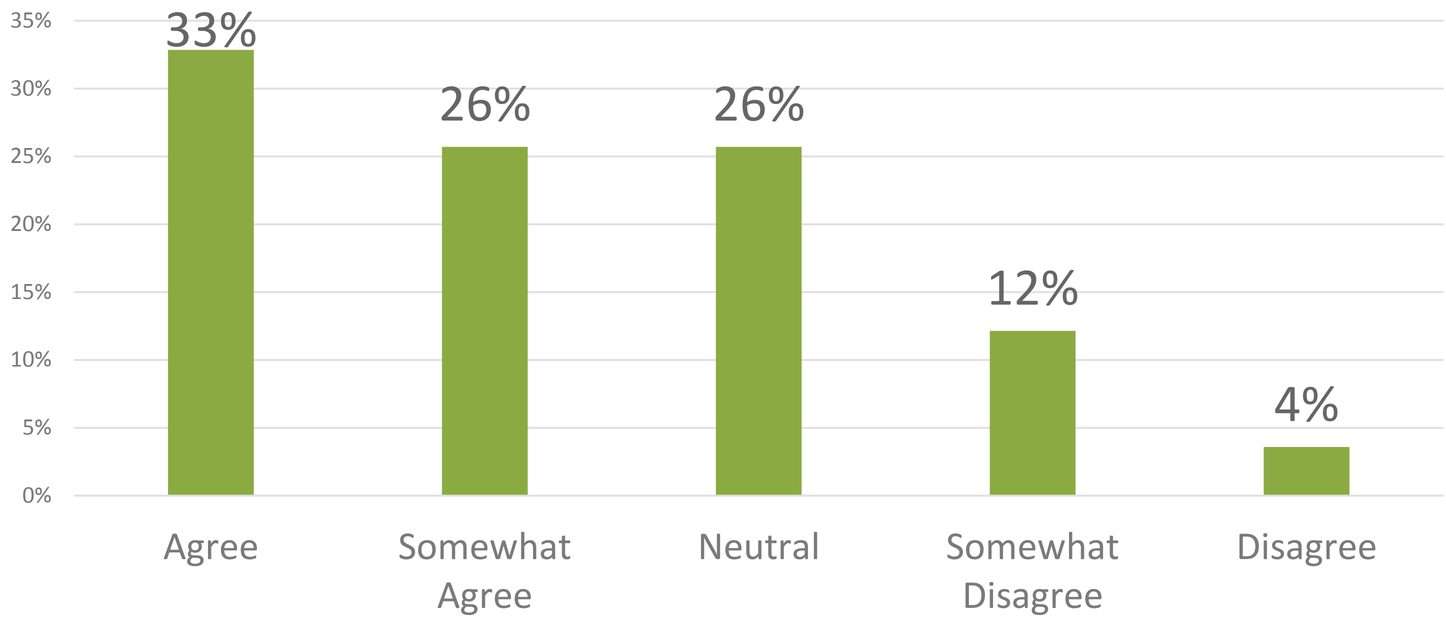
	Online	% of Total
Agree	82	52%
Somewhat Agree	37	23%
Neutral	30	19%
Somewhat Disagree	6	4%
Disagree	4	3%
Total	159	100%



Q24 North Slope Credits used against Tax Liability: continued (Online only)

Small Producer Credit: Beginning in 2006, producers with no more than 50,000 BTU equivalent barrels per day receive a credit capped at a maximum of $12 million per year. As long as they qualify, producers can take this credit for up to 9 years of production. In 2016 the credit program will stop accepting new producers.

	Online	% of Total
Agree	46	33%
Somewhat Agree	36	26%
Neutral	36	26%
Somewhat Disagree	17	12%
Disagree	5	4%
Total	140	100%

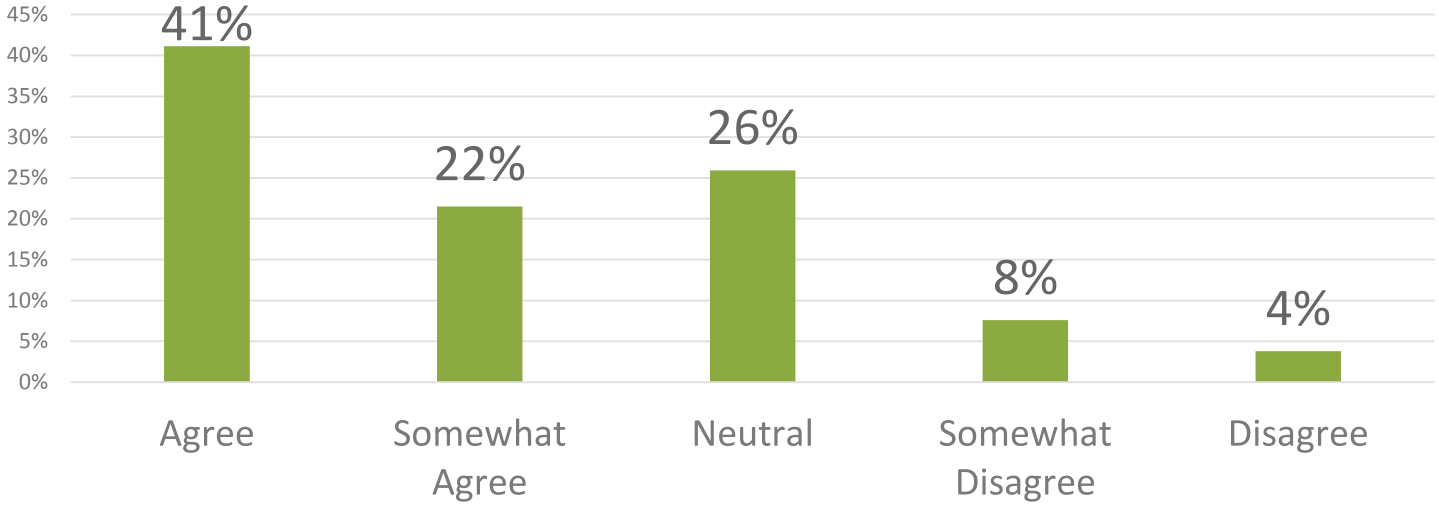


Q25: Do you support removing or reducing Non-North Slope Credits used against Tax Liability? (Online only)

Remove or reduce Qualified Capital Expenditures, Well Lease Expenditure credits, & Carry Forward:

QCE credit is for 20% of qualified capital expenditures. The Carry Forward credit changed in 2014 from 25% of a carried-forward annual loss statewide, to 25% everywhere except the North Slope. Both credits began in 2006. Starting in 2010, the WLE credit is for 20% of qualified well lease expenditures and can be taken in conjunction with QCE credits. These credits only go against the tax liability if a company has a tax liability (is producing). Otherwise they are considered refundable credits.

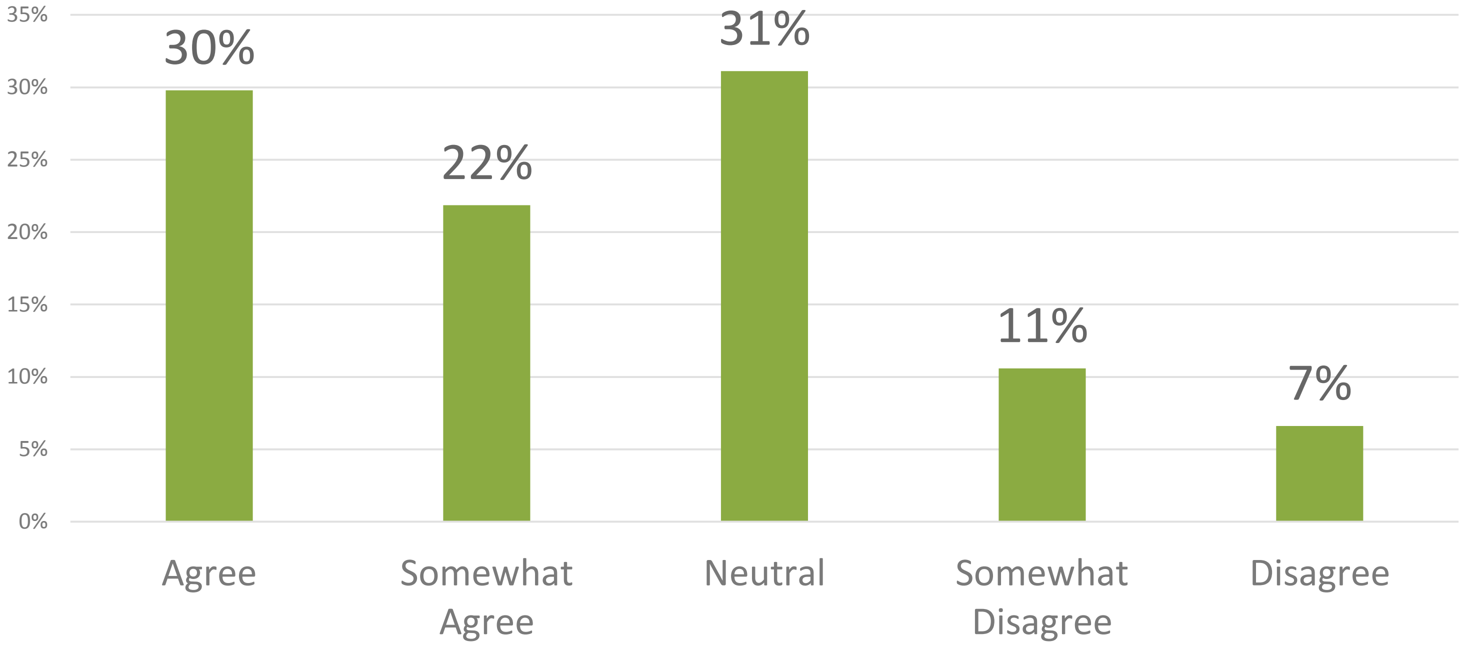
	Online	% of Total
Agree	65	41%
Somewhat Agree	34	22%
Neutral	41	26%
Somewhat Disagree	12	8%
Disagree	6	4%
Total	158	100%



Q25 Non-North Slope Credits used against Tax Liability? continued (Online only)

Small Producer Credit: Beginning in 2006, producers with no more than 50,000 BTU equivalent barrels per day receive a credit capped at a maximum of $12 million per year. As long as they qualify, producers can take this credit for up to 9 years of production. In 2016 the credit program will stop accepting new producers.

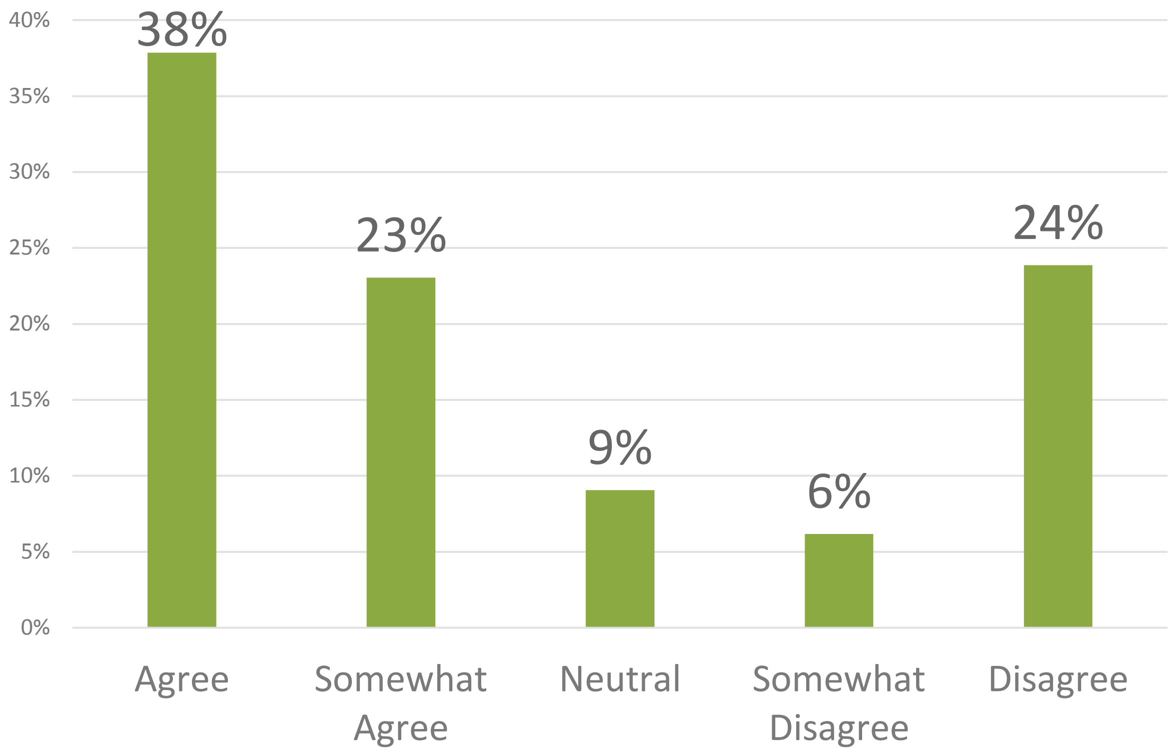
	Online	% of Total
Agree	45	30%
Somewhat Agree	33	22%
Neutral	47	31%
Somewhat Disagree	16	11%
Disagree	10	7%
Total	151	100%



Q26: Do you support setting a State Share of Permanent Fund Revenues?

After inflation proofing and before paying the PFD, a set percentage of the earnings would be used by the state in the operating budget instead of being reinvested in the Earnings Reserve Account as it currently is. A small state share would only marginally lower the value of the individuals PFDs.

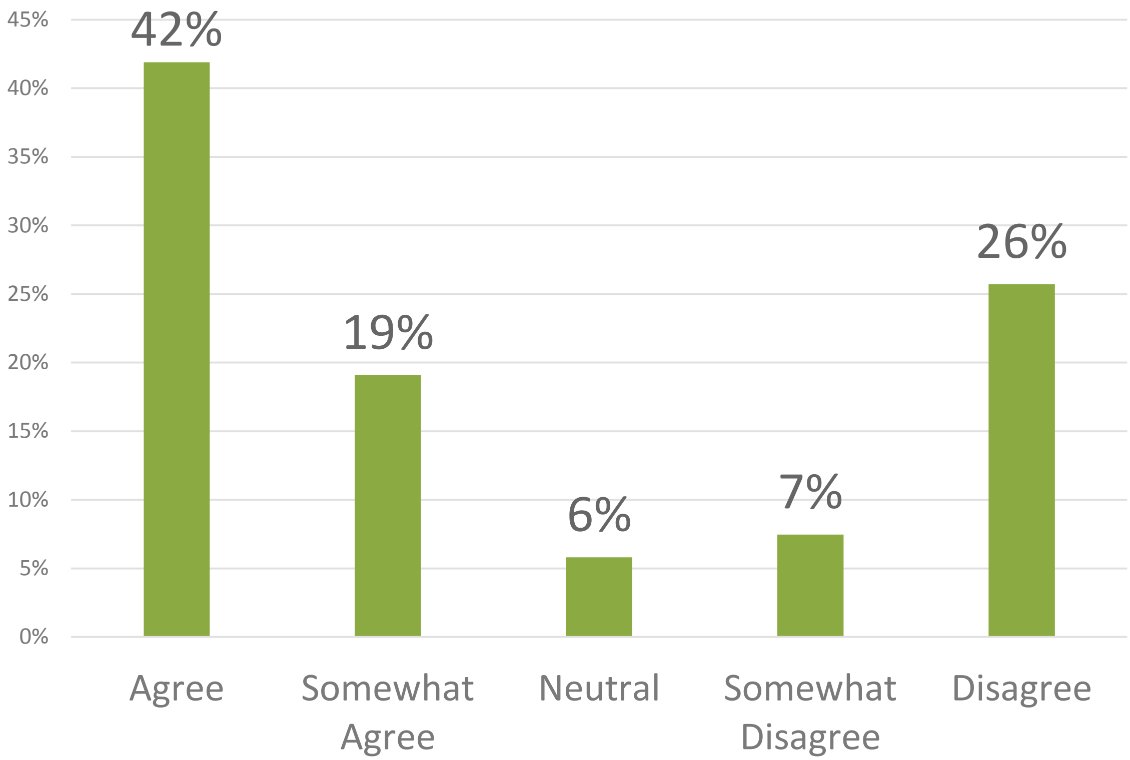
	Homer	Ninilchik	Online	Total	% of Total
Agree	35	8	49	92	38%
Somewhat Agree	8	4	44	56	23%
Neutral	8	1	13	22	9%
Somewhat Disagree	3	2	10	15	6%
Disagree	16	3	39	58	24%
Total	70	18	155	243	100%



Q27: Do you support setting a Permanent Fund Dividend Cap?

Setting a PFD cap means setting a limit on the yearly payout of the current PFD program. This is not the dividend amount, but the threshold the payout cannot exceed. This option extends the earnings, but only helps the budget if implemented along with a state share.

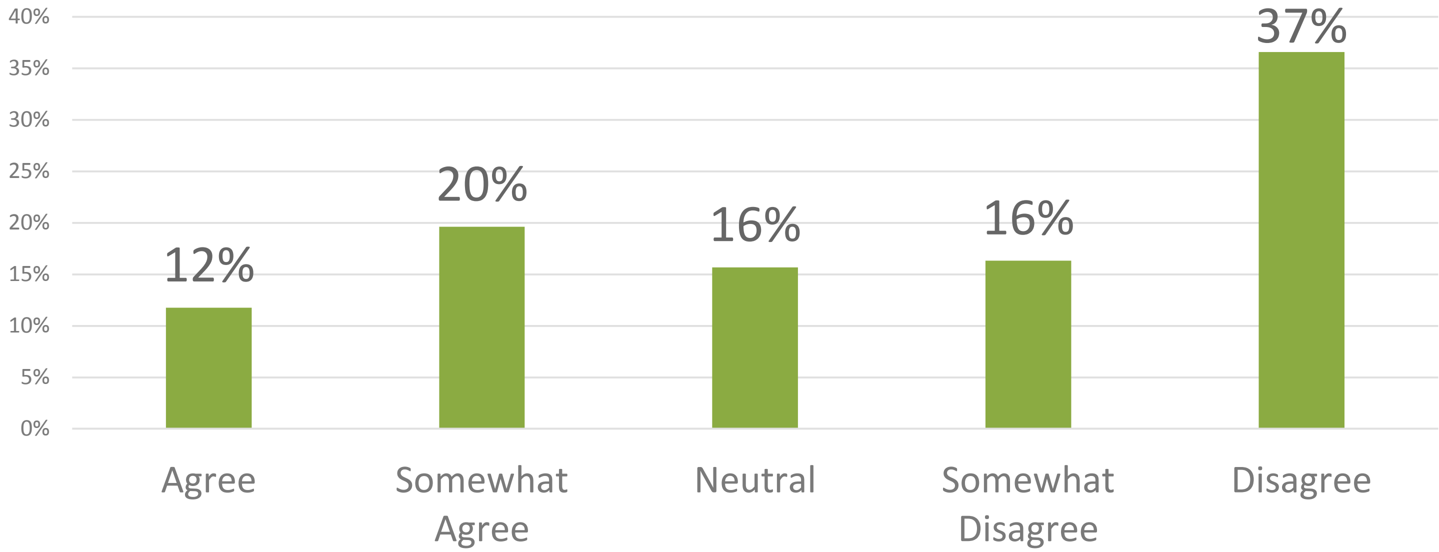
	Homer	Ninilchik	Online	Total	% of Total
Agree	39	8	54	101	42%
Somewhat Agree	9	2	35	46	19%
Neutral	0	2	12	14	6%
Somewhat Disagree	3	2	13	18	7%
Disagree	19	5	38	62	26%
Total	70	19	152	241	100%



Q28: Do you support changing the Permanent Fund method of payment to Senate Bill (SB) 114? (Online only)

Would allocate all of the non-restricted royalties (royalties not constitutionally bound to the corpus, 74.5% of total) to a dividend program, replacing the current dividend program with a new account. Instead of paying dividends out of the annual earnings form the permeant fund (PF) earnings, the legislature can choose to place all or some non-restricted royalties into the new dividend account and pay for the PFD from there. If there is not enough in the account to pay a minimum $1,000 per person the legislature can pay the amount from the Earnings Reserve Account (ERA). The annual earnings of the PF becomes available for General Fund expenditure at 5% of market value of the PF, which means the amount available for spending is based on the total value of the fund and not on the average annual interest earned by it. If 5% of the total fund exceeds the earning for the a given year, the legislature would appropriate the additional money from the ERA.

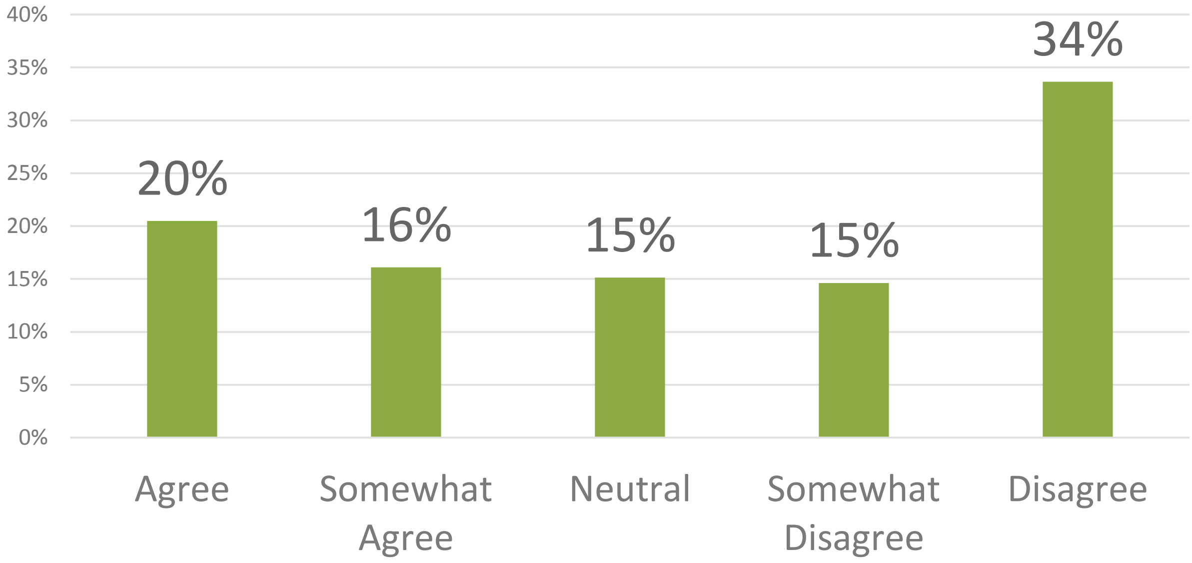
	Online	% of Total
Agree	18	12%
Somewhat Agree	30	20%
Neutral	24	16%
Somewhat Disagree	25	16%
Disagree	56	37%
Total	153	100%



Q29: Do you support changing the Permanent Fund method of payment to the Endowment option along with setting a State Share of the PFD?

Currently the earnings of the fund determine the amount available for appropriation (21% of the average 5 year earnings available for distribution). The Endowment method would use the earnings for a payout to the General Fund (to fund the budget) and to pay the PFD. The size of the payout under Endowment is based on the balance of the entire permanent fund, and not the average of the available earnings. The primary difference between the current method and the Endowment method is that under Endowment, payouts become more certain (predictable size) and the underlying fund balance (total of the corpus and Earnings Reserve Account) absorbs the market risk. The current method for payout is the exact opposite, with the payout containing the risk of the asset performance and the balance of the fund being stable. An Endowment level of 5% means the state can appropriate 5% of the total fund balance for spending on the PFD and the budget.

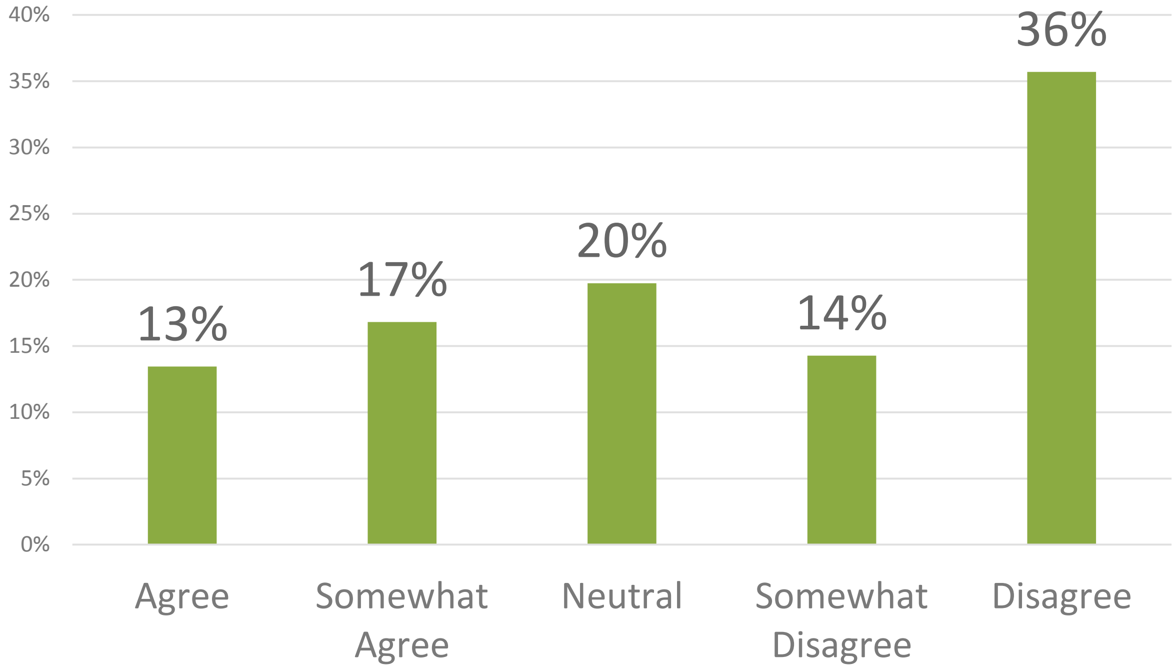
	Homer	Ninilchik	Online	Total	% of Total
Agree	12	6	24	42	20%
Somewhat Agree	11	5	17	33	16%
Neutral	9	0	22	31	15%
Somewhat Disagree	9	3	18	30	15%
Disagree	23	5	41	69	34%
Total	64	19	122	205	100%



Q30: Do you support Debt Capitalization – PERS/TERS "Net" Arbitrage Bonds?

The state would acquire debt and reinvest it alongside the current permanent fund portfolio. The difference between the cost of debt and return on equity (net earnings) would be used to finance the state's PERS/TERS obligations that currently are paid from General Funds. PERS/TERS is the state's retirement and retiree benefits system.

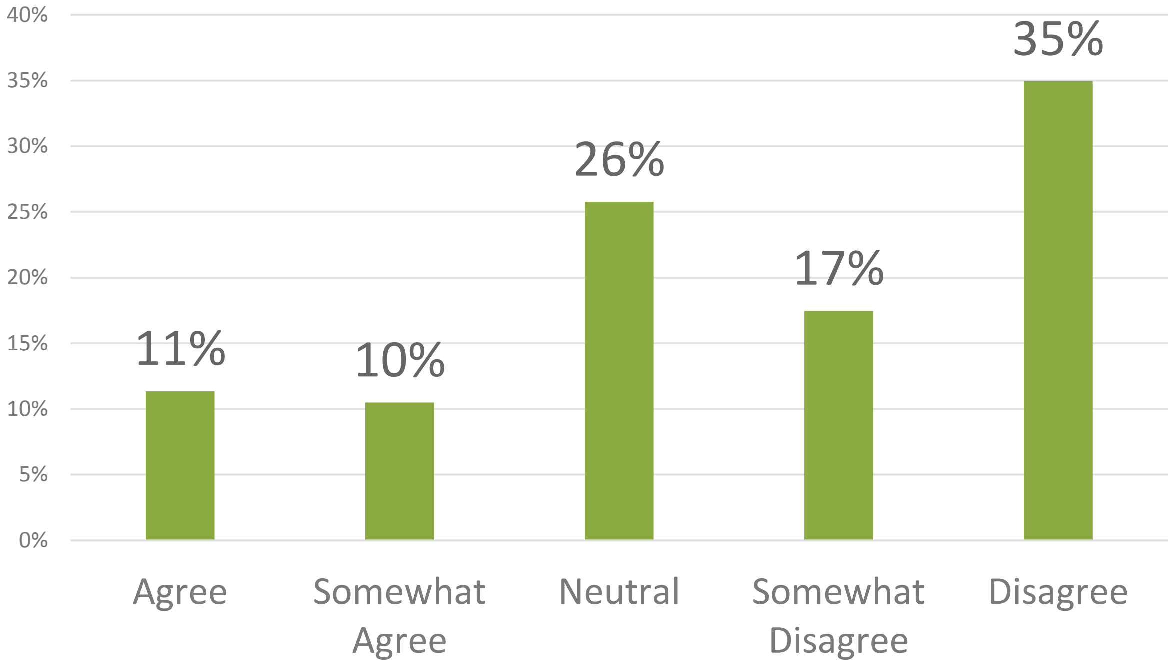
	Homer	Ninilchik	Online	Total	% of Total
Agree	12	3	17	32	13%
Somewhat Agree	8	2	30	40	17%
Neutral	4	4	39	47	20%
Somewhat Disagree	13	3	18	34	14%
Disagree	30	7	48	85	36%
Total	67	19	152	238	100%



Q31: Do you support Debt Capitalization – Collateralization Revenues?

The state would acquire debt using a portion of its assets managed through the permanent fund as collateral. This collateral would be the only asset at risk (i.e. it would not be recourse to the permanent fund or the State of Alaska). The capital raised would be reinvested alongside the current permanent fund portfolio. After annual interest payments, net earnings would be allocated to the state or the corpus of the permanent fund. More collateral means more capital for investments, but it also means a higher debt and risk.

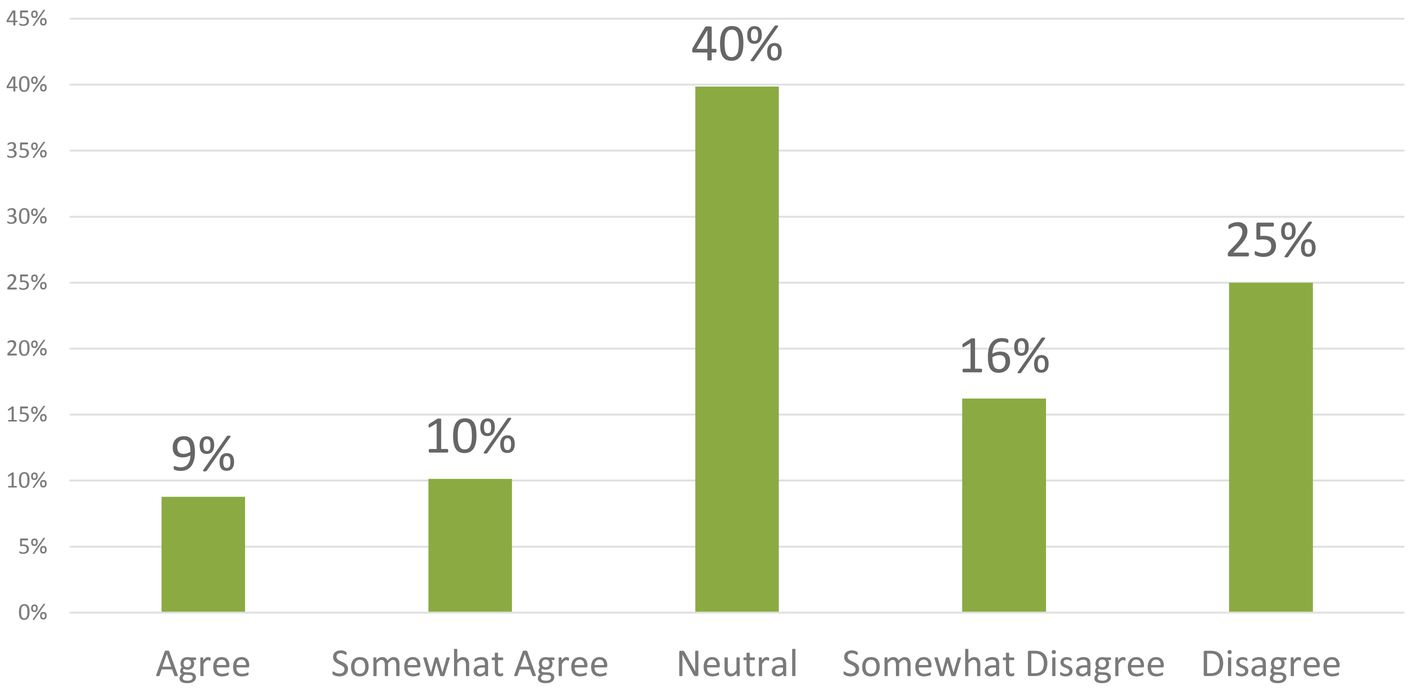
	Homer	Ninilchik	Online	Total	% of Total
Agree	13	0	13	26	11%
Somewhat Agree	6	2	16	24	10%
Neutral	6	3	50	59	26%
Somewhat Disagree	13	4	23	40	17%
Disagree	25	10	45	80	35%
Total	63	19	147	229	100%



Q32: Do you support Debt Capitalization – Securitization? (Online only)

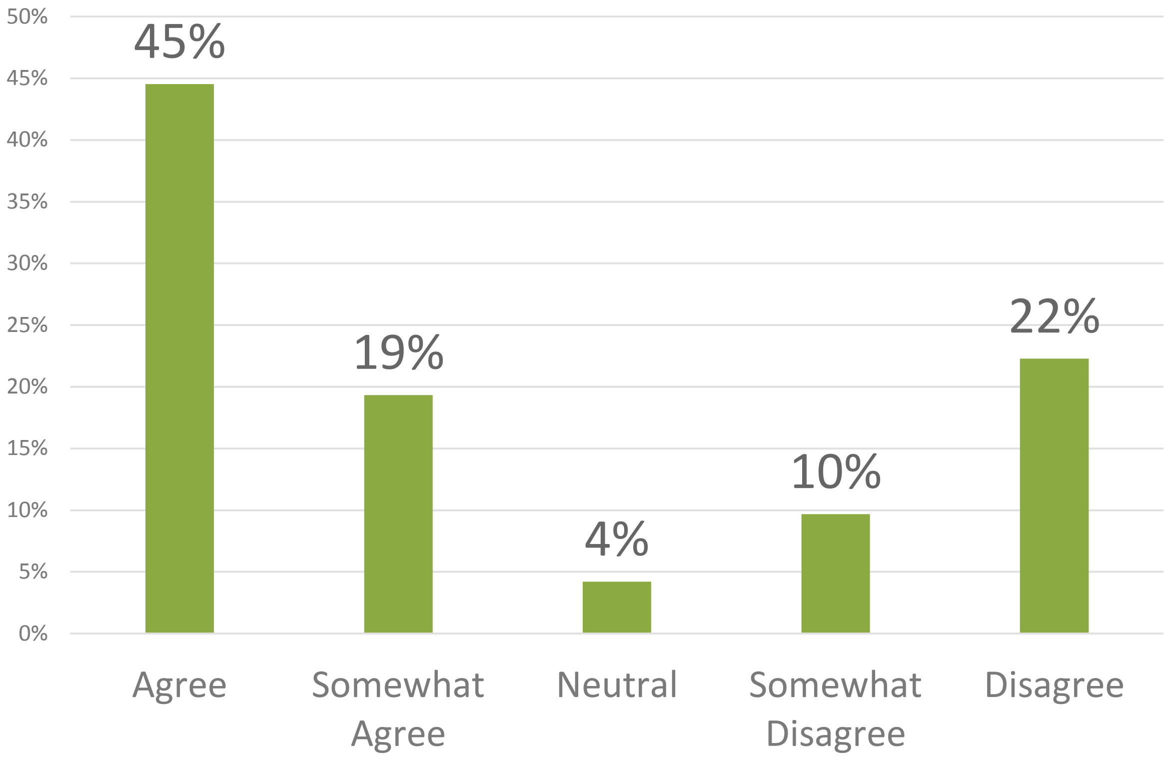
A function of collateralization, this option allows the state to “sell” some of the anticipated capital earnings for a lump sum. This would remove the debt from the State of Alaska balance sheet.

	Online	% of Total
Agree	13	9%
Somewhat Agree	15	10%
Neutral	59	40%
Somewhat Disagree	24	16%
Disagree	37	25%
Total	148	100%



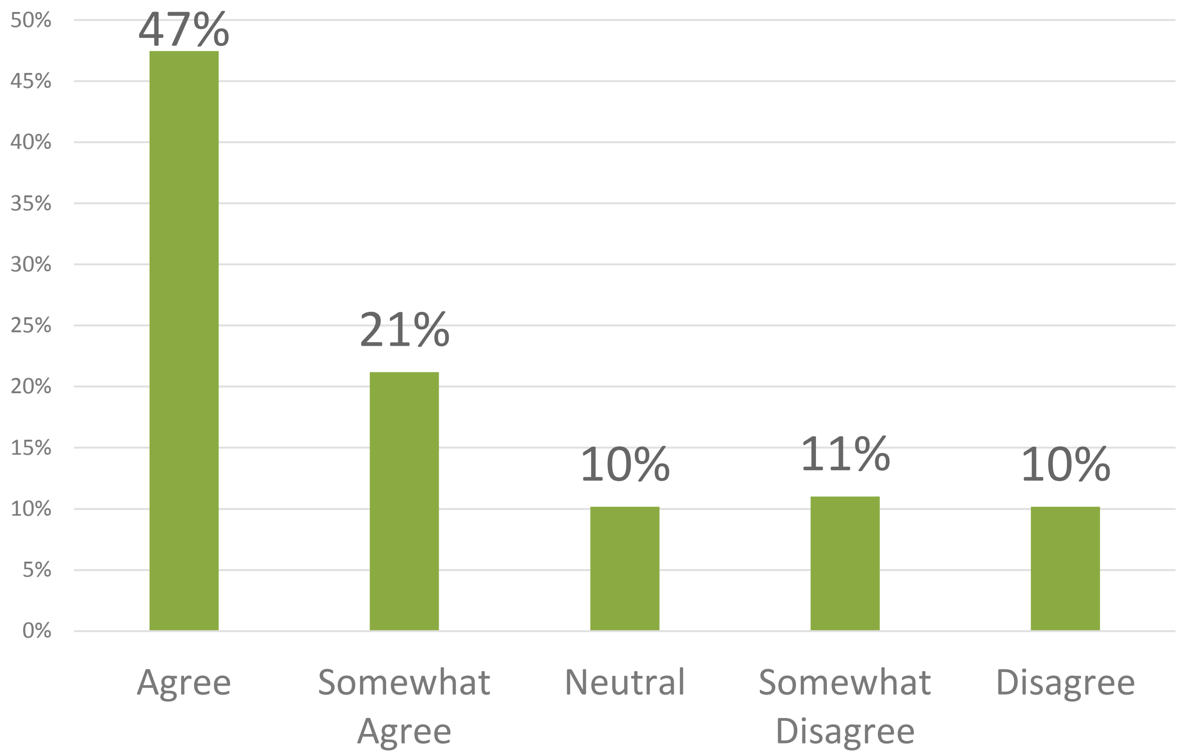
Q33: Do you support an increase in the Tax per Gallon of Motor Fuel?

	Homer	Ninilchik	Online	Total	% of Total
Agree	38	7	61	106	45%
Somewhat Agree	5	1	40	46	19%
Neutral	2	1	7	10	4%
Somewhat Disagree	3	2	18	23	10%
Disagree	17	6	30	53	22%
Total	65	17	156	238	100%



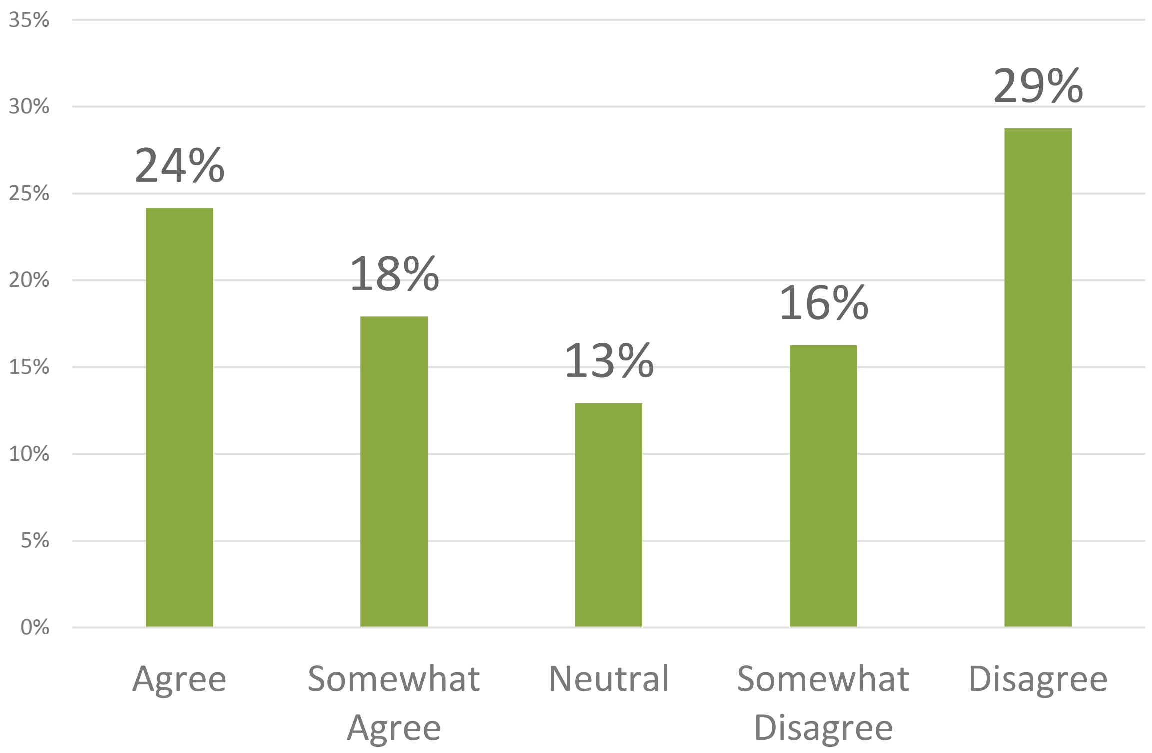
Q34: Do you support an increase in Fishing Taxes?

	Homer	Ninilchik	Online	Total	% of Total
Agree	44	9	59	112	47%
Somewhat Agree	13	3	34	50	21%
Neutral	2	1	21	24	10%
Somewhat Disagree	3	0	23	26	11%
Disagree	5	1	18	24	10%
Total	67	14	155	236	100%



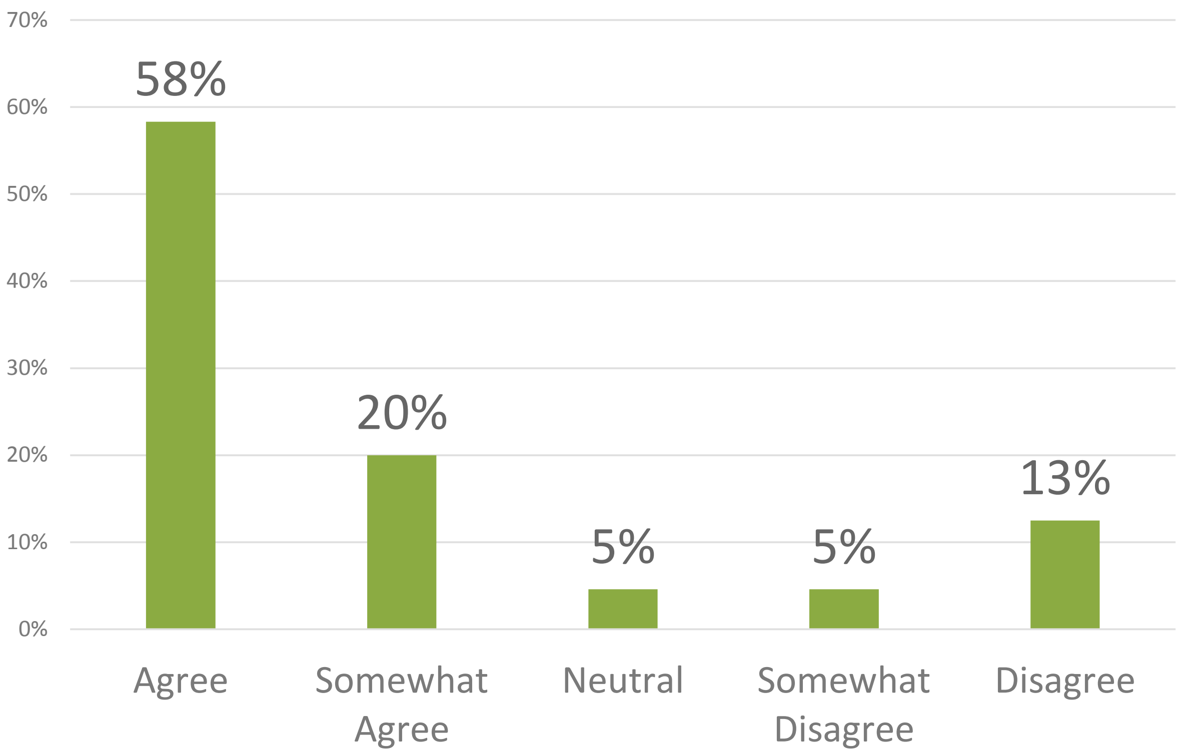
Q35: Do you support some form of Health Care Provider Tax?

	Homer	Ninilchik	Online	Total	% of Total
Agree	26	10	22	58	24%
Somewhat Agree	8	2	33	43	18%
Neutral	10	1	20	31	13%
Somewhat Disagree	6	1	32	39	16%
Disagree	17	3	49	69	29%
Total	67	17	156	240	100%



Q36: Do you support some form of or increase in Consumption Taxes?

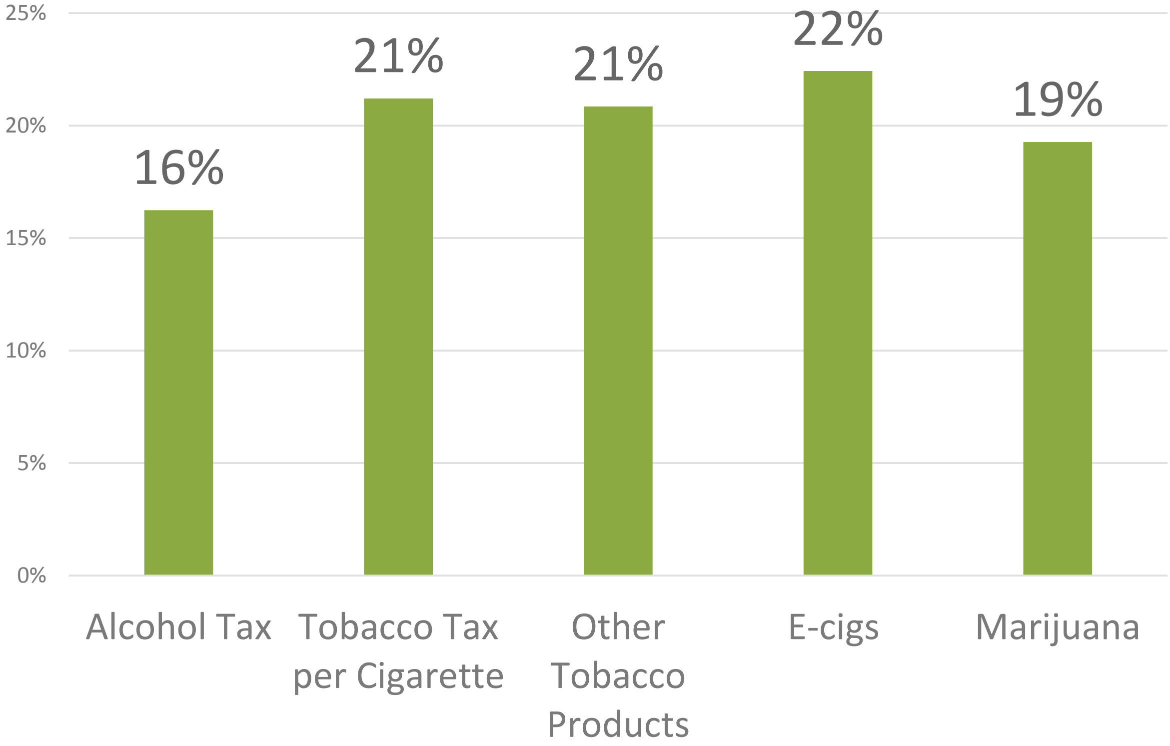
	Homer	Ninilchik	Online	Total	% of Total
Agree	48	9	83	140	58%
Somewhat Agree	7	1	40	48	20%
Neutral	4	0	7	11	5%
Somewhat Disagree	1	1	9	11	5%
Disagree	7	7	16	30	13%
Total	67	18	155	240	100%



Q37: Which Consumption Taxes would you support?

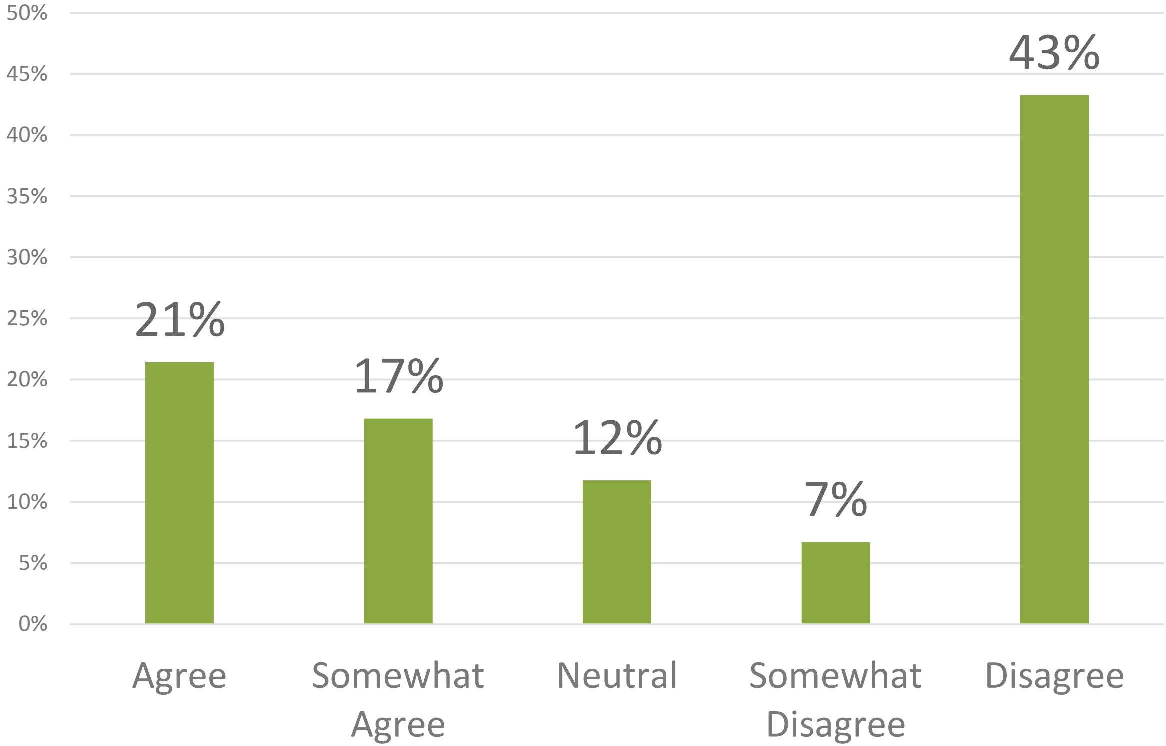
Note: people could select as many options as they wanted.

	Homer	Ninilchik	Online	Total	% of Total
Alcohol Tax	53	6	75	134	16%
Tobacco Tax per Cigarette	61	11	103	175	21%
Other Tobacco Products	60	12	100	172	21%
E-cigs	60	15	110	185	22%
Marijuana	54	12	93	159	19%
Total	288	56	481	825	100%



Q38: Do you support some form of Lottery or Legal Gaming to raise revenue?

	Homer	Ninilchik	Online	Total	% of Total
Agree	21	1	29	51	21%
Somewhat Agree	1	5	34	40	17%
Neutral	3	2	23	28	12%
Somewhat Disagree	2	0	14	16	7%
Disagree	39	8	56	103	43%
Total	66	16	156	238	100%



Q39: What sort of Gaming would you oppose or support? (Online only)

	% Strongly Oppose	% Strongly Support
State Lottery	13%	8%
Permanent Fund Lottery	18%	3%
Increase Gaming Rates	9%	7%
Legalized Card Rooms	14%	4%
Legalized Casinos	18%	5%
Totals	73%	27%

Total respondents: 438
Opposed: 319
Support: 119