



# Senate Majority News

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## **SB 185 Passes Senate and Keeps Jobs Flowing in Inlet** **Royalty Reduction Will Keep Cook Inlet Oil Production Viable**

**(Juneau)** – While many Alaskans are keeping their eyes on the oil situation up north, Sen. Tom Wagoner (R-Kenai/Soldotna) is doing his part to not just keep the oil flowing, but to hopefully increase the number of jobs available for Peninsula residents.

The vehicle, Senate Bill 185, offers a reduction in royalty payments to the State for some Cook Inlet fields and platforms nearing the end of their production capabilities.

“The choice is simple,” said Wagoner. “Provide these smaller oil producers some monetary incentive in the form of royalty relief or lose the royalty revenues all together as these producers pack-up and leave Alaska. To me the choice is easy.”

Wagoner says the royalty relief will allow producers to maximize production and could keep the fields open and producing for another year and a half or two years. According to Wagoner a lot of good can come from this extra time.

“This bill keeps critical infrastructure in place in the event that new deposits are discovered,” said Wagoner. “A producer is much more likely to act on new discoveries when the infrastructure is already in place.”

After working with the governor, SB 185 will also provide incentives for companies willing to seek out new discoveries by offering a tax credit to current companies that perform exploration work from July 1, 2003 through July 1, 2007. The tax credit, Wagoner says, will bring the cost of exploration in Alaska more in line with costs of exploration other places in the world.

Wagoner thanked the governor for his cooperation in making this bill a bold step toward bringing Alaska back as a major player in the world oil market.

“If we can keep these fields and platforms operating, the infrastructure in place and create a mechanism for spurring new exploration, we will not only see increased revenue, but continued employment for a considerable number of people on the Peninsula that work these fields and platforms,” said Wagoner. “This is not just a money issue, this is a jobs issue. We need this bill to become law this year.”

[SB 185](#) moves next to the House of Representatives for their consideration.

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