

## Alaska mustn't give up right to tax

GREGG ERICKSON  
COMMENT

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Gov. Sarah Palin, you made a troubling choice when you chose economic development over democracy in your top-priority gas pipeline legislation. I suppose you don't see your choice in those terms, but your moral obliviousness is in some ways worse: It raises questions about how much you really know or care about democracy. It suggests you may be as willing as your predecessor to bargain away our fundamental political rights in return for a promise by major oil producers to unlock their hoard of Alaska gas.

We're talking here about the right of people to change their laws. Oil industry officials claim they won't participate in a gas pipeline project unless they have ironclad assurances that Alaskans won't raise their taxes after the pipe is buried.

"If we get the resource terms defined clearly, the pipeline will follow," BP's Dave Van Tuyl testified last month to a legislative committee. As you know, "resource terms" is producer code for a long-term contract in which the state establishes its tax rates as they apply to the project, and promises that it won't change those rates for many years in the future.

Unlike former Gov. Frank Murkowski, you've acknowledged the questionable legality of contracting away our taxing power. You've told the oil companies that in any gas deal with you, it will be the companies - not the state -- that take the risk that such a contract will get invalidated by some judge. But you seem to think the principle of contracting away is just fine, and if it gets through the courts, then hey, no problem. You've already offered 10 years of tax certainty on gas production, and your commissioner of revenue has said you're willing, at the proper time, to discuss additional resource terms.

These concessions are wrong regardless of how significant the economic benefits gained in return, unjustified regardless of how long the contract runs or how limited the range of taxes it covers, and morally indefensible regardless of the legal or constitutional issues that will be decided in the courts.

Ask yourself this, Sarah: How would you feel if someone offered you \$500 per year for not voting in any initiative election related to, say, abortion, marriage or any other subject? If you consider such a deal repugnant, then you don't need lawyers to sort out the gas pipeline contract -- its provisions on tax certainty are cut from the same cloth, and just as morally and ethically suspect. The economic system we have here in Alaska is the one investors have prospered under throughout American history. None of the great American railroads of the 19th century was built with concessions of democratic sovereignty, nor were any such incentives granted to sponsors of the great pipeline projects of the 20th century.

Successful corporations have always looked for creative ways to reduce the uncertainties surrounding investments and costs. More power to them. But so have households and individuals. Wouldn't you love a contract that says the oil companies couldn't raise your gasoline prices at the pump? Wouldn't you be pleased if the Matanuska-Susitna Borough signed a contract with you and Todd promising never to raise your property taxes?

Corporations and households alike deserve fairness. There is no fairer system of governance than the system in which a free people democratically decides what the rules are -- and when the rules need to be changed.

No pipeline payoff, however rich, justifies bargaining away a fundamental political right cherished for centuries by free peoples everywhere. I hope you get your gas line inducement legislation passed. It stands a good chance of moving Alaska toward a gas project. You can get that project, and you can get it under your plan without signing a contract that gives up our democratic right to change the tax laws.

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