

September 4, 2007

Honorable Sarah Palin,  
Governor of Alaska  
Juneau, AK

via e-mail / fax

**RE: introduction of *Alaska Climate Response Fund* tax at October special session of Alaska Legislature**

Dear Governor Palin,

Thank you very much for your April 18, 2007 letter in response to my February 16, 2007 letter to you recommending specific state government responses to climate change in Alaska. I truly appreciate your willingness to address this serious issue.

As you suggested at that time, I did meet with ADEC Commissioner Larry Hartig on May 29 at his office to explore the several suggestions I raised with you. I found Commissioner Hartig to be fully engaged on the issue, and open to such ideas. As reference, I have attached my 2/16/07 letter to you to this e-mail.

My central suggestion for state response to the issue of climate change is to establish an Alaska Office on Climate Change to handle all issues involved, and to fund their work with a new *Alaska Climate Response Fund* (ACRF) from a nominal tax on Alaska oil, gas, coal production.

I write today to suggest that the upcoming special session of the Legislature that you have called to reopen the issue of PPT and oil taxes in general would be the ideal time to insert this ACRF tax as well. I suggested this to Commissioner Hartig in my meeting with him earlier this summer. I recognize that the Legislature's climate commission has yet to make its final recommendation to the Legislature on the topic (due in January), but it is clear that an adequate state response to climate change will take a substantial new fiscal capability, and thus the *Alaska Climate Response Fund* such as I have proposed is an absolute necessity, in my view. As proposed, the ACRF would accrue revenues from a 10 cent / barrel tax on Alaska oil, as well as a corresponding tax on coal and natural gas produced in Alaska. At current production levels, this would collect on the order of \$40 million - \$50 million / year. This ACRF would fund the new office of climate change, and be used to support all mitigation and adaptation responses to climate change, and to match federal dollars for the same purpose.

I understand the desire to await the recommendations of the Legislative climate commission in January before making any policy decisions, but above and beyond the work of the Legislative commission, your administration has a responsibility to exert a leadership role on this issue. The Legislative special session on the very topic of oil taxation is the right place and time to insert this discussion.

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In fact, if we don't get this done at this time, I would anticipate difficulty in opening up the issue of oil taxes once again in the near future. We cannot afford to wait on this one, and thus it is important to include the climate response fund tax request now, not later.

Thus with great respect and hope, I ask once again that the ACRF be included in your request during the upcoming special session of the Legislature to restructure the state's oil taxation regime.

Governor Palin – you recently suggested that Alaska needs to demonstrate to the rest of the nation that we can be trusted to do things right with regard to managing our state resources. I agree. And on the issue of climate change, Alaska needs to be seen as taking its responsibility to heart and acting with resolve. Setting aside a small portion of our oil revenue windfall to address the issue – the *Alaska Climate Response Fund* – will be the most tangible signal we can send to the rest of the world that we intend to do our part.

I look forward to your reply, and to working with you to ensure that we meet this enormous challenge with the creativity and resolve that our state was founded upon.

Sincerely,

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cc. ADEC Commissioner Hartig