

RedState.com

[In Search of Facts concerning Gov. Palin's Record in Alaska](#)

Posted by [Scope \(Profile\)](#)

Wednesday, January 13th at 2:22PM EST

14 Comments

Recommenders: [mschmitt](#), [gekster](#), [JadedByPolitics](#), [aesthete](#), [Return to Revolution](#), [newsentinel](#)

I am interested in what Governor Palin accomplished/did not accomplish while serving as Governor of Alaska. I want to decide if she was a tax cutter, or if she cleaned up a culture of corruption within the state Legislature, no matter what party the corruption was taking place in, and, I want to know if she made decisions in a manner that is consistent with conservatism. I am currently looking at the issue of the controversial ACES bill, the PPT, and Corruption.

[What is ACES?](#) (Alaska Clear and Equitable Share)

From an [article](#) posted on the Alaska Government website Palin said-

“Getting fair value for our own resource is the only way we can be self-sustaining and less reliant upon the Federal Government. It also fulfills the mandates in our state constitution. But inherently in that responsibility is also the need to explore for more.”

Alaska's Federal portion of General Revenues- This is what Palin referred to above.

2001- 31%

2003- 41.7%

2005- 34.1%

2008- 14% (Palin said she wanted to be “less reliant” on the Federal Government, and it appears she has accomplished that)

You have to read the bill to see that this was not just a tax slapped on the oil companies. There are incentives for investments, a protection for smaller oil producers, that extract under a certain number of barrels, tax credits, cost credits and etc. It is very involved.

Referred to in the above link, ACES replaces the PPT (Petroleum Profits Tax) which was passed in a cloud of corruption.

[Corruption Timeline-](#)

The Players-

State

Alaska State Senate President- Ben Stevens (R) (Ted Stevens son)

Rep. Pete Kott (R)

Rep. Vic Kohring (R)

Rep. Tom Anderson (R)

Rep. Bruce Weyhrauch (R)

Senator John Cowdery

Federal

Senator Ted Stevens (R)

Rep. Don Young (R)

[VECO](#)- The oil company involved

Bill Allen, CEO

Rick Smith, VP

Municipal Lobbyist-

Bill Bobrick

Of special interest, please see entry for Sept. 2006-

“The FBI conducted a search for clothing that mockingly was labeled “Corrupt Bastards Club.”

Every one of the State Reps. and the State Senator was found guilty of various charges, and most spent time in jail for their hand in the corruption. Federal Senator Ted Stevens was found guilty, but, now I understand he isn't guilty, you decide. Corruption doesn't live only in the Democrat party. It is unfortunate that every politician listed is Republican. The Legislature at the time had Republican majorities in both the House and the Senate. Aren't these the exact kind of people we all are bee-itching about in Washington today? Aren't these the same kinds of people that drove many Republicans away from the party?

[Despite Tax Increase, Oil Profits Rise](#)- July 2008

The main fear with the tax increase was that the oil companies would not invest in future projects in the state, and would possibly move to other states/countries. That was not the case, as you will read that Conoco Phillips and BP profits increased after ACES.

[Article in Bloomberg.com](#)- 9/6/08

Palin Boosted Oil Company Taxes while Alaska had a Budget Surplus

(This article appeared one week after Palin was chosen as the VP candidate, and, was a pre-cursor of what was to come.) Some comments from the article-

“(ACES) will raise oil revenue to \$11 billion this year—almost twice what what the state needs to fund it’s government.”

“Alaska has also gotten more money from the federal government than it’s residents pay in taxes—\$1.75 per tax dollar in 2006, the most recent year available, according to the Tax Foundation, a Washington research group.” (If I am not mistaken, that tax amount would have come from the previous Governors numbers.)

“There’s never a good reason to raise taxes said Grovor Norquist, President Americans for Tax Reform, Washington group that encourages politicians to sign a no-new tax pledge.” (The ACES taxes were not Alaska citizen taxes, they were on oil company profits.) Alaska has no state income, property, or sales tax.

“Chris Edwards, economist and state budget expert at Cato Institute said- “Palin’s oil tax is similar to the windfall profits tax proposed by Democrat Presidential nominee Barack Obama.” (For an economist, this statement was misguided, misleading and dishonest.)

“McCain adviser Doug Holtz-Eakin called Palin’s tax “progressive”, not a windfall profits tax. It doesn’t divide profits into windfall and other profits.”

“Oil companies weren’t happy with the plan when it passed.” (Of course they weren’t)

“The massive increase will weaken investment in Alaska’s oilfields at the very time that more investment is needed, Doug Suttles, President BP Exploration Alaska said.” (This was proven not to be true.)

The article includes some complaints about some spending cuts Palin made-

Cut a local hockey association funds to buy a blade sharpener for it’s Zambonie machine.

Cut \$300,000. for a Catholic Community service family counseling and adoption program.

Cut \$6,200 to repair a sidewalk in front of an Anchorage elementary school.

Cut \$6 million to replace an aging Anchorage fire station.

From an Alaskan website- FinebergResearch.com

Palin Mistakes on Energy Issues In Going Rogue Raise Questions About Her Capacity to Govern

[Richard A. Fineberg](#)

Notice Mr. Feinberg in the picture with George Soros as they discuss Alaska’s Petroleum.

In summary-

Alaska's major source of Revenue is Petroleum. The PPT corruption debacle caused Palin to look for other ways to tax the oil companies for the resource they were drilling for and selling. The tax is a "progressive tax" as the rate increases with the number of barrels extracted, and also depends on the price of oil on the stock market. It is not a windfall profits tax, as the tax is on all profits. The amount of revenue for the state, as well as the profitability of the oil companies are determined by the price per barrel averaged. Of course the Oil companies will fight any increase in taxes, or any other expenses that will go against their bottom lines. The big "fear" was that the oil companies would not invest in future projects in Alaska because of the new tax structure, however, the oil companies still recorded increased profits even after the tax increase. They have also increased their investments in future projects.

I welcome any other information that anyone may have Pro or Con about the issues I have researched above. I just ask, please provide links. The only way to determine if Palin is conservative enough, or if she has governed well enough, is to look at her record.

14 Comments

Scope, I hope you have a flak jacket handy! nt

[Vegas Rick](#) Wednesday, January 13th at 2:48PM EST ([link](#))

"Nothing in this world can take the place of persistence. Talent will not; nothing is more common than unsuccessful people with talent. Genius will not; unrewarded genius is almost a proverb. Education will not; the world is full of educated derelicts. Persistence and determination alone are omnipotent. The slogan 'press on' has solved and always will solve the problems of the human race." Calvin Coolidge.

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Vegas Rick- No problem

[Scope](#) Wednesday, January 13th at 3:08PM EST ([link](#))

if anyone has any additional links to correct what I have posted above, please post them by all means.

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In search of? I like Palin

[RoguePolitics](#) Wednesday, January 13th at 4:30PM EST ([link](#))

I think she was indisputably the best candidate in the "final four" as it were.

In search of? I think you have found the answers you were looking for.

"So much of left-wing thought is a kind of playing with fire by people who don't even know that fire is hot." *George Orwell*

"With reasonable men, I will reason; with humane men I will plead; but to tyrants I will give no quarter, nor waste arguments where they will certainly be lost." *William Lloyd Garrison*

<http://DreamsFromMyForefathers.com>
<http://theprecinctproject.wordpress.com/>

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RoguePolitics- The reason I called it

Scope Wednesday, January 13th at 7:25PM EST ([link](#))

In search of facts, is because each time there are positive posts concerning Palin, not the gushy ones, the accusation comes out that most supporters are just repeating Palin's press releases. Many times it has been said that no one knows, or bothers to do the research on Palin. That is true. I honestly want to know what Palin did, what she did, and why she did it. I can't just accept one person's views, opinions, ideas, just because they live in Alaska, and, because they were involved in Alaska government in whatever capacity. We will see if anyone has anything to say about some honest research, which honestly, not many seem apt to do. I suspect there won't be any comments. It will most likely continue to be just opinions.

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I like her but I don't think she will ever be president.

RoguePolitics Wednesday, January 13th at 8:05PM EST ([link](#))

I can understand how you feel too.

“So much of left-wing thought is a kind of playing with fire by people who don't even know that fire is hot.” *George Orwell*

“With reasonable men, I will reason; with humane men I will plead; but to tyrants I will give no quarter, nor waste arguments where they will certainly be lost.” *William Lloyd Garrison*

<http://DreamsFromMyForefathers.com>
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[Log in to Reply](#)

You got a bye; I was busy. nt

Achance Thursday, January 14th at 2:54AM EST ([link](#))

In Vino Veritas

[Log in to Reply](#)

Scope, you can have my flak jacket. I've just cleaned it ...

[newsentinel](#) Thursday, January 14th at 9:16AM EST ([link](#))

and, speaking from the voice of experience, I think it could come in handy considering the topic of your diary. Let me know, Scope. I'll be happy to express mail the flak jacket to you.

[Log in to Reply](#)

Flack Jacket?

[Wing Zero](#) Wednesday, January 13th at 7:18PM EST ([link](#))

He's going to need deflector shields and a cloaking device.

1-21-09 - We are so screwd

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Palin is the reform minded conservative we need!

[offbeltway](#) Wednesday, January 13th at 8:59PM EST ([link](#))

She is absolutely the reform minded social and fiscal conservative that we need. Alaskan was a corrupt welfare state before her. Sarah could change Washington and not have Washington change her. The names I hear are far worse candidates than her. Thune is dull and too much an establishment Republican. He is Mitch McConnell the younger model. Romney is the great pretender and I would bolt from the Republicans if they make me hold my nose with another Moderate. Tim Pawlenty is ok, but lack the charisma of Palin. Mitch Daniels is bland and his record in Indiana leaves much to be desired. John Kasich would be my front runner alongside Palin if he knocked off Terrible Ted Strickland.

[Log in to Reply](#)

Hope you're ready for the little piece of sunshine you just bit into :) nt

[mschmitt](#) Wednesday, January 13th at 9:01PM EST ([link](#))

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Concerning ACES (or, a response to Scope!)

[aesthete](#) Wednesday, January 13th at 9:52PM EST ([link](#))

I don't know why any conservative would bother defending Palin on it, except perhaps on a federalist platform, or to defend her motivations regarding the tax. ACES is a 70's-style profits tax, plain and simple, and while it may not have the "windfall" prefix, it is very similar in structure to most "windfall profits" taxes, including Obama's proposed scheme. In AK's special case, the problem isn't so much class warfare as it is that profits taxes are both economically inefficient, and an unstable form of revenue for the government. Moreover, they can, in extreme circumstances, create perverse incentives in government. Let me explain.

First of all, there is a significant difference between economic profit and accounting profit. While accounting profit is simply what's left over when all accounts have been payed with incoming funds, economic profits include all costs, including labor and time, as best it can. ([As an aside, Investopedia has a good definition here.](#)) For example, let's say that you spend \$20 to set up a lemonade shop, and you get \$30 after two days of working the lemonade stand. Accounting profits would be \$10 ($\$30 - \$20 = \10). Now, let's say that you could have made \$35 mowing lawns with those inputs. In that case, your economic profit is negative ($\$30 - \$20 - \$35 = -\25)! Why is economic profit important? There are many reasons, but for our purposes, there's only one [\[insert favored Highlander reference here\]](#):

Economic profit, not accounting profit, is what companies are actually getting back for their efforts, because they are inclusive of resources that aren't strictly monetary, such as time and labor. Therefore, moralistic endeavors to get a "Clear and Equitable share", of a company's profits, if that is the intention, should ideally be confined only to the actual "share" in question (which is whatever oil companies' economic profit actually is, NOT accounting profits, which are much higher than economic profit).

Besides that concern, a tax on accounting profit isn't very efficient for government: it's very easy to hide profits in some account or other, and even easier to move profit from the US (or AK) to more favorable areas. A tax on production, OTOH, is difficult to escape: if the oil is produced in the US (or AK), oil companies have less options to escape taxation, and monitoring becomes much easier for the government. Even if all of the enforcement issues are dealt with adequately (and in a way that is more cost-effective than enforcing a tax on production), lower profits would mean less long-term investment in the oil industry wherever this holds true.

From the government's viewpoint, there are also problems with the stability of such an arrangement as a form of revenue for AK long-term; profits throughout any stretch of time are far more variable than production. This means that incoming revenue is also going to be erratic in nature. Also, production comprises only a small part of what is involved in the overall profit of oil companies: refining, transportation, demand, etc. play a large role in those profits, and are largely dependent on factors outside of AK. Considering that fact, it's a bit of a stretch to say that a windfall profits tax would fall under [Article VIII of AK's Constitution](#), though I'm sure AKSteve, Art, or one of our legal eagles would know more about that than me. All of this culminates to create a perverse incentive, wherein legislatures seek to increase oil company profits, instead of production, to increase incoming government revenue. Though both would be somewhat amoral, as we've already noted, profits have less to do directly with AK than production, so it is likely that measures to increase government revenue by increasing profits would benefit AK directly less than a production tax. Moreover, some of the indirect benefits of production in AK (workers spending their money on AK goods, company investment in AK, etc.) would also be redistributed away from the state, as the result of a profits tax. In a striking irony, you're right back where you started: with corrupt politicians working with well-meaning pols and Big Oil to enrich their own coffers, while screwing over AK's citizens and economy.

So, what were Palin's motivations in all of this? If you subscribe to [Public Choice Theory](#), or if you're a cynic, you could make the case that Palin did it for her own benefit: profits were high and in plain view (eliminating the long-term problem of enforcement), and attacking the oil companies for "price

gouging" is a time-tested strategy for electoral success. Certainly, I can think of a couple of politicians who would think, "Long-term policies be damned! I'm only in office for the next couple of years; let the next sucker who gets into office figure it out!" I'd bet that a large part of Democratic support originated from that motivation, and there are probably more than a few operatives who hope to characterize whoever is in office when this tax scheme comes under strain as "fiscally irresponsible" for political points, as they did with Bush and the mortgage crisis.

On the other hand, there are plenty of cases where a politician's good intentions lead to unanticipated results: even Reagan, when he signed the Therapeutic Abortion Act, fell victim to this penchant. If it wasn't below Reagan to fall privy to such vices, Palin is surely not exempt from the maxim, good intentions=bad policy.

In the end, it's unlikely that we will ever really know the truth, just as it's probable that both motivations were at play among the AK legislature. Whatever the case, profits taxes are no better when enacted by Republicans than when suggested by Dems, and we should take note that, regardless of motivations and intent, all that we're left with at the end of the day are the results of policy, whether good or bad.

"The whole modern world has divided itself into Conservatives and Progressives. The business of Progressives is to go on making mistakes. The business of the Conservatives is to prevent the mistakes from being corrected."

-G. K. Chesterton

"To be 'cured' against one's will and cured of states which we may not regard as disease is to be put on a level of those who have not yet reached the age of reason or those who never will; to be classed with infants, imbeciles, and domestic animals."

-C.S. Lewis

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Alrighty, it's now a diary

[aesthete](#) Wednesday, January 13th at 10:38PM EST ([link](#))

([Mostly, because it took me a ridiculously long time to write.](#))

"The whole modern world has divided itself into Conservatives and Progressives. The business of Progressives is to go on making mistakes. The business of the Conservatives is to prevent the mistakes from being corrected."

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-C.S. Lewis

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Don't worry, Scope, it's coming. nt

[Achance](#) Thursday, January 14th at 2:52AM EST ([link](#))

In Vino Veritas

[Log in to Reply](#)

Achance- I'm not worried

[Scope](#) Thursday, January 14th at 8:09AM EST ([link](#))

and this is the kind of discussion we need to have. I look forward to reading whatever you write. We just need to move beyond the opinions, and into the facts, with links for backup of course.

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