

Order of Operations Presentation

Senate Finance Committee

Department of Revenue

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Acronyms

ANS – Alaska North Slope
ANWR – Arctic National Wildlife Refuge
Avg – Average
Bbl – Barrel
Capex – Capital expenditures
CBRF – Constitutional Budget Reserve Fund
CIT – Corporate Income Tax
DOR – Department of Revenue
FY – Fiscal Year

GVPP – Gross Value at Point of Production
GVR – Gross Value Reduction
NPR-A – National Petroleum Reserve Alaska
Opex – Operating Expenditures
OCS – Outer Continental Shelf
PTV – Production Tax Value
SB21 – Senate Bill 21, passed in 2013
TAPS – Trans Alaska Pipeline System
Ths - Thousands



Agenda

- Oil and Gas Revenue Sources
 - FY 2023 – FY 2027 oil and gas revenues
- Production Tax Calculation “Order of Operations”
 - Detailed walk-through of for FY 2026
 - FY 2023 – FY 2027 comparison
- Additional Discussion
 - FY 2026 Illustration Challenges
 - Examples of spending scenarios and tax impact
 - State Revenue by Land Type
 - Revenue per \$1 of Oil Price and Historical Context



Disclaimer

- Alaska's severance tax is one of the most complex in the world and portions are subject to interpretation and dispute.
- These numbers are rough approximations based on public data, as presented in the Fall 2024 Forecast and other revenue forecasts.
- This presentation is solely for illustrative general purposes.
 - Not an official statement as to any particular tax liability, interpretation, or treatment.
 - Not tax advice or guidance.
- Some numbers may differ due to rounding.



Oil and Gas Revenue Sources

- Royalty – based on gross value of production
 - Plus bonuses, rents, and interest
 - Paid to Owner of the land: State, Federal, or Private
 - Usually 12.5% or 16.67% in Alaska, but rates vary
- Corporate Income Tax – based on net income
 - Paid to State (9.4% top rate)
 - Paid to Federal (21% top rate)
 - Only C-Corporations* pay this tax
- Property Tax – based on value of oil & gas property
 - Paid to State (2% of assessed value or “20 mills”)
 - Paid to Municipalities – credit offsets state tax paid
- Production Tax – based on “production tax value”
 - Paid to State – calculation to follow



* C-Corporation is a business term that is used to distinguish the type of business entity, as defined under subchapter C of the federal Internal Revenue Code.

Oil and Gas Revenue Sources: Five-Year Comparison of State Revenue

	History		Current Year	Forecast	
	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
ANS oil price (\$/bbl)	\$86.63	\$85.24	\$73.86	\$70.00	\$69.00
ANS production (ths bbl/ day)	479.4	461.0	466.6	469.5	494.6
Property Tax*	\$ 128.8	\$ 130.8	\$ 133.7	\$ 135.6	\$ 137.2
Corporate Income Tax	312.4	210.6	210.0	250.0	260.0
Production Tax	1,498.7	982.4	570.7	448.7	426.8
Royalties	1,694.8	1,682.2	1,351.1	1,298.0	1,347.1
CBRF Settlements	196.0	3.1	20.0	70.0	20.0
NPR-A Shared revenue	41.5	31.0	30.8	27.8	25.0
Total	\$ 3,872.1	\$ 3,040.1	\$ 2,316.3	\$ 2,230.1	\$ 2,216.1

Revenue amounts in \$ millions.

*Property Tax does not include municipal share.

Note: Numbers may not add due to rounding.



Fiscal System: Overall Order of Operations

Royalties (State, Federal, or Private)



Property Tax



Production Tax



State Corporate Income Tax



Federal Corporate Income Tax



Production Tax “Order of Operations”: FY 2026

	Per Barrel	Barrels	Value (\$ million)	
Avg ANS Oil Price (\$/bbl) & Daily Production (ths bbls)	\$70.00	469.5	\$32.9	
Total Annual Production/Value	\$70.00	171,357	\$11,995.0	
Royalty, Federal, and Other Barrels		(21,933)	(\$1,535.3)	
Taxable Barrels	\$70.00	149,425	\$10,459.7	
Downstream (Transportation) Costs (\$/bbl)	(\$10.38)		(\$1,550.4)	
Gross Value at Point of Production (GVPP)	\$59.62	149,425	\$8,909.4	
North Slope Lease Expenditures				
Deductible Operating Expenditures	(\$19.34)		(\$2,889.7)	
Deductible Capital Expenditures	(\$24.16)		(\$3,610.8)	
Total Lease Expenditures	(\$43.50)		(\$6,500.6)	
Production Tax Value (PTV)	\$16.12	149,425	\$2,408.8	
Production Tax			<u>Min Tax Floor</u>	<u>Net Tax</u>
Gross Value or Production Tax Value			\$8,909.4	\$2,408.8
Gross Value Reduction (GVR)			\$0.0	\$0.0
GVPP or PTV after GVR			\$8,909.4	\$2,408.8
Tax rate			4%	35%
Tax before credits			\$356.4	\$843.1
Higher of minimum tax floor or net tax	\$5.64	149,425	\$843.1	
GVR Per-taxable-barrel credits	(\$2.33)	2,390	(\$5.6)	
Non-GVR Per-taxable-barrel credits	(\$3.86)	147,444	(\$566.9)	
Other credits against liability	(\$0.04)		(\$6.6)	
Total Tax after credits	\$1.77	149,425	\$264.0	
Other items / adjustments	\$1.24		\$184.6	
Total Tax paid to the state	\$3.00	149,425	\$448.7	
<i>Net New Lease Expenditures Earned and Carried Forward</i>			\$1,087.7	



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1. Royalty and Taxable Barrels



Production Tax “Order of Operations”: FY 2026

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**2. Gross Value
At Point of
Production
(GVPP)**



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3. Lease Expenditures



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4. Production Tax Value (PTV)



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**5. Gross
Minimum Tax
Floor**



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6. Net Tax and Gross Value Reduction (GVR)



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**7. Tax Credits
Against
Liability**



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8.
Adjustments
and Total Tax
Paid



Order of Operations: Five Year Comparison

	ACTUAL FY 2023		ACTUAL FY 2024		Current Year FY 2025		Forecast FY 2026		Forecast FY 2027	
	Value (\$ million)		Value (\$ million)		Value (\$ million)		Value (\$ million)		Value (\$ million)	
Total Annual Production/Value	\$15,157.5		\$14,383.8		\$12,579.7		\$11,995.0		\$12,455.7	
Royalty, Federal, and Other Barrels	(\$1,943.2)		(\$1,937.8)		(\$1,599.4)		(\$1,535.3)		(\$1,611.1)	
Taxable Barrels	\$13,214.4		\$12,446.1		\$10,980.3		\$10,459.7		\$10,844.6	
Transportation Costs	(\$1,465.7)		(\$1,537.4)		(\$1,626.1)		(\$1,550.4)		(\$1,561.9)	
Gross Value at Point of Production	\$11,748.6		\$10,908.6		\$9,354.2		\$8,909.4		\$9,282.7	
North Slope Lease Expenditures										
Deductible Operating Expenditures	(\$2,260.2)		(\$2,277.3)		(\$2,790.1)		(\$2,889.7)		(\$3,081.8)	
Deductible Capital Expenditures	(\$1,967.5)		(\$3,301.6)		(\$3,331.1)		(\$3,610.8)		(\$3,956.2)	
Total Lease Expenditures	(\$4,227.7)		(\$5,578.9)		(\$6,121.2)		(\$6,500.6)		(\$7,038.0)	
Production Tax Value (PTV)	\$7,520.9		\$5,329.7		\$3,233.1		\$2,408.8		\$2,244.7	
Production Tax	<u>Min Tax Floor</u>	<u>Net Tax</u>	<u>Min Tax Floor</u>	<u>Net Tax</u>	<u>Min Tax Floor</u>	<u>Net Tax</u>	<u>Min Tax Floor</u>	<u>Net Tax</u>	<u>Min Tax Floor</u>	<u>Net Tax</u>
Gross Value or Production Tax Value	\$11,748.6	\$7,520.9	\$10,908.6	\$5,329.7	\$9,354.2	\$3,233.1	\$8,909.4	\$2,408.8	\$9,282.7	\$2,244.7
Gross Value Reduction (GVR)	\$0.0	(\$185.3)	\$0.0	(\$110.0)	\$0.0	(\$21.7)	\$0.0	\$0.0	\$0.0	\$0.0
GVPP or PTV after GVR	\$11,748.6	\$7,335.5	\$10,908.6	\$5,219.8	\$9,354.2	\$3,211.4	\$8,909.4	\$2,408.8	\$9,282.7	\$2,244.7
Tax rate	4%	35%	4%	35%	4%	35%	4%	35%	4%	35%
Tax before credits	\$469.9	\$2,567.4	\$436.3	\$1,826.9	\$374.2	\$1,124.0	\$356.4	\$843.1	\$371.3	\$785.7
Higher of minimum tax floor or net tax	\$2,567.4		\$1,826.9		\$1,124.0		\$843.1		\$785.7	
Per-taxable-barrel credits	(\$1,018.2)		(\$921.5)		(\$636.0)		(\$572.4)		(\$565.5)	
Other credits against liability	(\$95.0)		(\$24.9)		(\$6.9)		(\$6.6)		\$0.0	
Total Tax after credits	\$1,454.2		\$880.5		\$481.1		\$264.0		\$220.2	
Other items / adjustments	\$44.4		\$101.9		\$89.6		\$184.6		\$206.6	
Total Tax paid to the state¹	\$1,498.7		\$982.4		\$570.7		\$448.7		\$426.8	
<i>Net New Lease Expenditures Earned and Carried Forward</i>	\$228.2		\$1,264.8		\$2,408.6		\$1,087.7		\$429.4	
Total Carried Forward Lease Expenditures	\$1,368.1		\$2,632.9		\$5,041.5		\$6,129.2		\$6,558.6	
Effective Tax Rate	20%		18%		18%		19%		19%	

¹ Amount includes hazardous release surcharge



Question: Why Doesn't the FY 2026 Tax Calculate Exactly?

<i>Avg ANS Oil Price (\$/bbl) & Daily Production (ths bbls)</i>	Per Barrel	Barrels	Value (\$ million)	
	\$70.00	469.5	\$32.9	
Total Annual Production/Value	\$70.00	171,357	\$11,995.0	
Royalty, Federal, and Other Barrels		(21,933)	(\$1,535.3)	
Taxable Barrels	\$70.00	149,425	\$10,459.7	
Downstream (Transportation) Costs (\$/bbl)	(\$10.38)		(\$1,550.4)	
Gross Value at Point of Production (GVPP)	\$59.62	149,425	\$8,909.4	
North Slope Lease Expenditures				
Deductible Operating Expenditures	(\$19.34)		(\$2,889.7)	
Deductible Capital Expenditures	(\$24.16)		(\$3,610.8)	
Total Lease Expenditures	(\$43.50)		(\$6,500.6)	
Production Tax Value (PTV)	\$16.12	149,425	\$2,408.8	
Production Tax			Min Tax Floor	Net Tax
Gross Value or Production Tax Value			\$8,909.4	\$2,408.8
Gross Value Reduction (GVR)			\$0.0	\$0.0
GVPP or PTV after GVR			\$8,909.4	\$2,408.8
Tax rate			4%	35%
Tax before credits			\$356.4	\$843.1
Higher of minimum tax floor or net tax	\$5.64	149,425	\$843.1	
GVR Per-taxable-barrel credits	(\$2.33)	2,390	(\$5.6)	
Non-GVR Per-taxable-barrel credits	(\$3.86)	147,444	(\$566.9)	
Other credits against liability	(\$0.04)		(\$6.6)	
Total Tax after credits	\$1.77	149,425	\$264.0	
Other items / adjustments	\$1.24		\$184.6	
Total Tax paid to the state	\$3.00	149,425	\$448.7	
<i>Net New Lease Expenditures Earned and Carried Forward</i>			\$1,087.7	

- *Revenue Sources Book* numbers are shown as aggregate, but based on a detailed, company-specific model
- Some companies pay above, at, or below the minimum tax floor
- Challenging to show in the income statement which is aggregated
- Per-taxable-barrel credits and total tax paid are both “higher” due to company-specific calculation



Example 1: Low-Cost Producer

Avg ANS Oil Price (\$/bbl) & Daily Production (ths bbls)	\$70.00	150.0	\$32.9
Total Annual Production/Value	\$70.00	54,750	\$3,832.5
Royalty, Federal, and Other Barrels		(7,008)	(\$490.5)
Taxable Barrels	\$70.00	47,742	\$3,342.0
Downstream (Transportation) Costs (\$/bbl)	(\$10.38)		(\$495.4)
Gross Value at Point of Production (GVPP)	\$59.62	47,742	\$2,846.6
North Slope Lease Expenditures			
Deductible Operating Expenditures	(\$14.57)		(\$695.7)
Deductible Capital Expenditures	(\$9.66)		(\$461.4)
Total Lease Expenditures	(\$24.24)		(\$1,157.1)
Production Tax Value (PTV)	\$35.39	47,742	\$1,689.5
Production Tax			
Gross Value or Production Tax Value			Min Tax Floor \$2,846.6
Gross Value Reduction (GVR)			\$0.0
GVPP or PTV after GVR			\$2,846.6
Tax rate			4%
Tax before credits			\$113.9
Higher of minimum tax floor or net tax	\$12.32	47,742	\$588.1
GVR Per-taxable-barrel credits	(\$5.00)	762	(\$3.8)
Non-GVR Per-taxable barrel credits	(\$8.00)	46,981	(\$375.8)
Total Tax after credits	\$4.37	47,742	\$208.5
<i>Net New Lease Expenditures Earned and Carried Forward</i>			\$0.0

**Lease
Expenditures
Lower than
Average**

**All per barrel
credits
utilized**

**Pays above
minimum tax
floor**



This illustration is a stylized example assuming a hypothetical North Slope taxpayer for illustration purposes only.

Example 1a: Low-Cost Producer w/ Increased Spending of \$100 Million

<i>Avg ANS Oil Price (\$/bbl) & Daily Production (ths bbls)</i>	Per Barrel	Barrels	Value (\$ million)	
	\$70.00	150.0	\$32.9	
Total Annual Production/Value	\$70.00	54,750	\$3,832.5	
Royalty, Federal, and Other Barrels		(7,008)	(\$490.5)	
Taxable Barrels	\$70.00	47,742	\$3,342.0	
Downstream (Transportation) Costs (\$/bbl)	(\$10.38)		(\$495.4)	
Gross Value at Point of Production (GVPP)	\$59.62	47,742	\$2,846.6	
North Slope Lease Expenditures				
Deductible Operating Expenditures	(\$14.67)		(\$700.2)	
Deductible Capital Expenditures	(\$11.76)		(\$561.4)	
Total Lease Expenditures	(\$26.43)		(\$1,261.6)	
Production Tax Value (PTV)	\$33.20	47,742	\$1,585.0	
Production Tax			<u>Min Tax Floor</u>	<u>Net Tax</u>
Gross Value or Production Tax Value			\$2,846.6	\$1,585.0
Gross Value Reduction (GVR)			\$0.0	(\$9.1)
GVPP or PTV after GVR			\$2,846.6	\$1,575.9
Tax rate			4%	35%
Tax before credits			\$113.9	\$551.6
Higher of minimum tax floor or net tax	\$11.55	47,742	\$551.6	
GVR Per-taxable-barrel credits	(\$5.00)	762	(\$3.8)	
Non-GVR Per-taxable barrel credits	(\$8.00)	46,981	(\$375.8)	
Total Tax after credits	\$3.60	47,742	\$171.9	
<i>Net New Lease Expenditures Earned and Carried Forward</i>			\$0.0	

**\$100 million
additional
lease
expenditures**

**\$36.6
million
reduction in
tax due**

**36.6% tax
benefit from
investment**



This illustration is a stylized example assuming a hypothetical North Slope taxpayer for illustration purposes only.

Example 2: Mid-Cost Producer

<i>Avg ANS Oil Price (\$/bbl) & Daily Production (ths bbls)</i>	Per Barrel	Barrels	Value (\$ million)	
	\$70.00	150.0	\$32.9	
Total Annual Production/Value	\$70.00	54,750	\$3,832.5	
Royalty, Federal, and Other Barrels		(7,008)	(\$490.5)	
Taxable Barrels	\$70.00	47,742	\$3,342.0	
Downstream (Transportation) Costs (\$/bbl)	(\$10.38)		(\$495.4)	
Gross Value at Point of Production (GVPP)	\$59.62	47,742	\$2,846.6	
North Slope Lease Expenditures				
Deductible Operating Expenditures	(\$19.34)		(\$923.3)	
Deductible Capital Expenditures	(\$24.16)		(\$1,153.7)	
Total Lease Expenditures	(\$43.50)		(\$2,077.0)	
Production Tax Value (PTV)	\$16.12	47,742	\$769.6	
Production Tax			<u>Min Tax Floor</u>	<u>Net Tax</u>
Gross Value or Production Tax Value			\$2,846.6	\$769.6
Gross Value Reduction (GVR)			\$0.0	(\$9.1)
GVPP or PTV after GVR			\$2,846.6	\$760.5
Tax rate			4%	35%
Tax before credits			\$113.9	\$266.2
Higher of minimum tax floor or net tax	\$5.58	47,742	\$266.2	
GVR Per-taxable-barrel credits	\$0.00	762	\$0.0	
Non-GVR Per-taxable barrel credits	(\$3.24)	46,981	(\$152.3)	
Total Tax after credits	\$2.38	47,742	\$113.9	
<i>Net New Lease Expenditures Earned and Carried Forward</i>			\$0.0	

**Average Opex
and Capex**

**Some per
barrel credits
utilized**

**Pays at
minimum tax
floor**



Net New Lease Expenditures Earned and Carried Forward
This illustration is a stylized example assuming a hypothetical North Slope taxpayer for illustration purposes only.

Example 2a: Mid-Cost Producer w/ Increased Spending of \$100 Million

	Per Barrel	Barrels	Value (\$ million)	
Avg ANS Oil Price (\$/bbl) & Daily Production (ths bbls)	\$70.00	150.0	\$32.9	
Total Annual Production/Value	\$70.00	54,750	\$3,832.5	
Royalty, Federal, and Other Barrels		(7,008)	(\$490.5)	
Taxable Barrels	\$70.00	47,742	\$3,342.0	
Downstream (Transportation) Costs (\$/bbl)	(\$10.38)		(\$495.4)	
Gross Value at Point of Production (GVPP)	\$59.62	47,742	\$2,846.6	
North Slope Lease Expenditures				
Deductible Operating Expenditures	(\$19.43)		(\$927.8)	
Deductible Capital Expenditures	(\$26.26)		(\$1,253.7)	
Total Lease Expenditures	(\$45.69)		(\$2,181.5)	
Production Tax Value (PTV)	\$13.93	47,742	\$665.1	
Production Tax			<u>Min Tax Floor</u>	<u>Net Tax</u>
Gross Value or Production Tax Value			\$2,846.6	\$665.1
Gross Value Reduction (GVR)			\$0.0	(\$9.1)
GVPP or PTV after GVR			\$2,846.6	\$656.0
Tax rate			4%	35%
Tax before credits			\$113.9	\$229.6
Higher of minimum tax floor or net tax	\$4.81	47,742	\$229.6	
GVR Per-taxable-barrel credits	\$0.00	762	\$0.0	
Non-GVR Per-taxable barrel credits	(\$2.46)	46,981	(\$115.8)	
Total Tax after credits	\$2.38	47,742	\$113.9	
<i>Net New Lease Expenditures Earned and Carried Forward</i>			\$0.0	

**\$100 million
additional
lease
expenditures**

**No
reduction in
tax due**

**No tax
benefit from
investment**

This illustration is a stylized example assuming a hypothetical North Slope taxpayer for illustration purposes only.



Example 3: New Entrant

	Per Barrel	Barrels	Value (\$ million)	
Avg ANS Oil Price (\$/bbl) & Daily Production (ths bbls)	\$70.00	0.0	\$32.9	
Total Annual Production/Value	\$70.00	0	\$0.0	
Royalty, Federal, and Other Barrels		0	\$0.0	
Taxable Barrels	\$70.00	0	\$0.0	
Downstream (Transportation) Costs (\$/bbl)	\$0.00		\$0.0	
Gross Value at Point of Production (GVPP)	\$70.00	0	\$0.0	
North Slope Lease Expenditures				
Deductible Operating Expenditures	\$0.00		(\$45.0)	
Deductible Capital Expenditures	\$0.00		(\$1,000.0)	
Total Lease Expenditures	\$0.00		(\$1,045.0)	
Production Tax Value (PTV)	\$0.00	0	\$0.0	
Production Tax			Min Tax Floor	Net Tax
Gross Value or Production Tax Value			\$0.0	\$0.0
Gross Value Reduction (GVR)			\$0.0	\$0.0
GVPP or PTV after GVR			\$0.0	\$0.0
Tax rate			4%	35%
Tax before credits			\$0.0	\$0.0
Higher of minimum tax floor or net tax	\$0.00	0	\$0.0	
GVR Per-taxable-barrel credits	\$0.00	0	\$0.0	
Non-GVR Per-taxable barrel credits	\$0.00	0	\$0.0	
Total Tax after credits	\$0.00	0	\$0.0	
<i>Net New Lease Expenditures Earned and Carried Forward</i>			\$1,045.0	

**Lease
Expenditures
from New
Development**

**No current tax
liability**

**Earns carry
forwards to
offset future
tax**



Net New Lease Expenditures Earned and Carried Forward
This illustration is a stylized example assuming a hypothetical North Slope taxpayer for illustration purposes only.

Example 3a: New Entrant w/ Increased Spending of \$100 Million

	Per Barrel	Barrels	Value (\$ million)	
Avg ANS Oil Price (\$/bbl) & Daily Production (ths bbls)	\$70.00	0.0	\$32.9	
Total Annual Production/Value	\$70.00	0	\$0.0	
Royalty, Federal, and Other Barrels		0	\$0.0	
Taxable Barrels	\$70.00	0	\$0.0	
Downstream (Transportation) Costs (\$/bbl)	\$0.00		\$0.0	
Gross Value at Point of Production (GVPP)	\$70.00	0	\$0.0	
North Slope Lease Expenditures				
Deductible Operating Expenditures	\$0.00		(\$49.5)	
Deductible Capital Expenditures	\$0.00		(\$1,100.0)	
Total Lease Expenditures	\$0.00		(\$1,149.5)	
Production Tax Value (PTV)	\$0.00	0	\$0.0	
Production Tax			<u>Min Tax Floor</u>	<u>Net Tax</u>
Gross Value or Production Tax Value			\$0.0	\$0.0
Gross Value Reduction (GVR)			\$0.0	\$0.0
GVPP or PTV after GVR			\$0.0	\$0.0
Tax rate			4%	35%
Tax before credits			\$0.0	\$0.0
Higher of minimum tax floor or net tax	\$0.00	0	\$0.0	
GVR Per-taxable-barrel credits	\$0.00	0	\$0.0	
Non-GVR Per-taxable barrel credits	\$0.00	0	\$0.0	
Total Tax after credits	\$0.00	0	\$0.0	
<i>Net New Lease Expenditures Earned and Carried Forward</i>			\$1,149.5	

**\$100 million
additional
spending**

**\$104.5
million more
carried
forwards**

**Potential
35% future
tax benefit**



This illustration is a stylized example assuming a hypothetical North Slope taxpayer for illustration purposes only.

Three Production Tax Situations

- Low cost producer
 - All lease expenditures applied in tax calculation
 - Full benefit of per-taxable-barrel credit
 - Pays above minimum tax floor (net tax)
- Higher cost producer
 - All lease expenditures applied in tax calculation
 - Zero or partial benefit of per-taxable-barrel credit
 - Pays at minimum tax floor
 - No benefit for additional lease expenditures “the Donut Hole”
- New entrant
 - No lease expenditures applied in tax calculation
 - Zero benefit of per-taxable-barrel credit
 - Pays no tax, earns carry-forwards

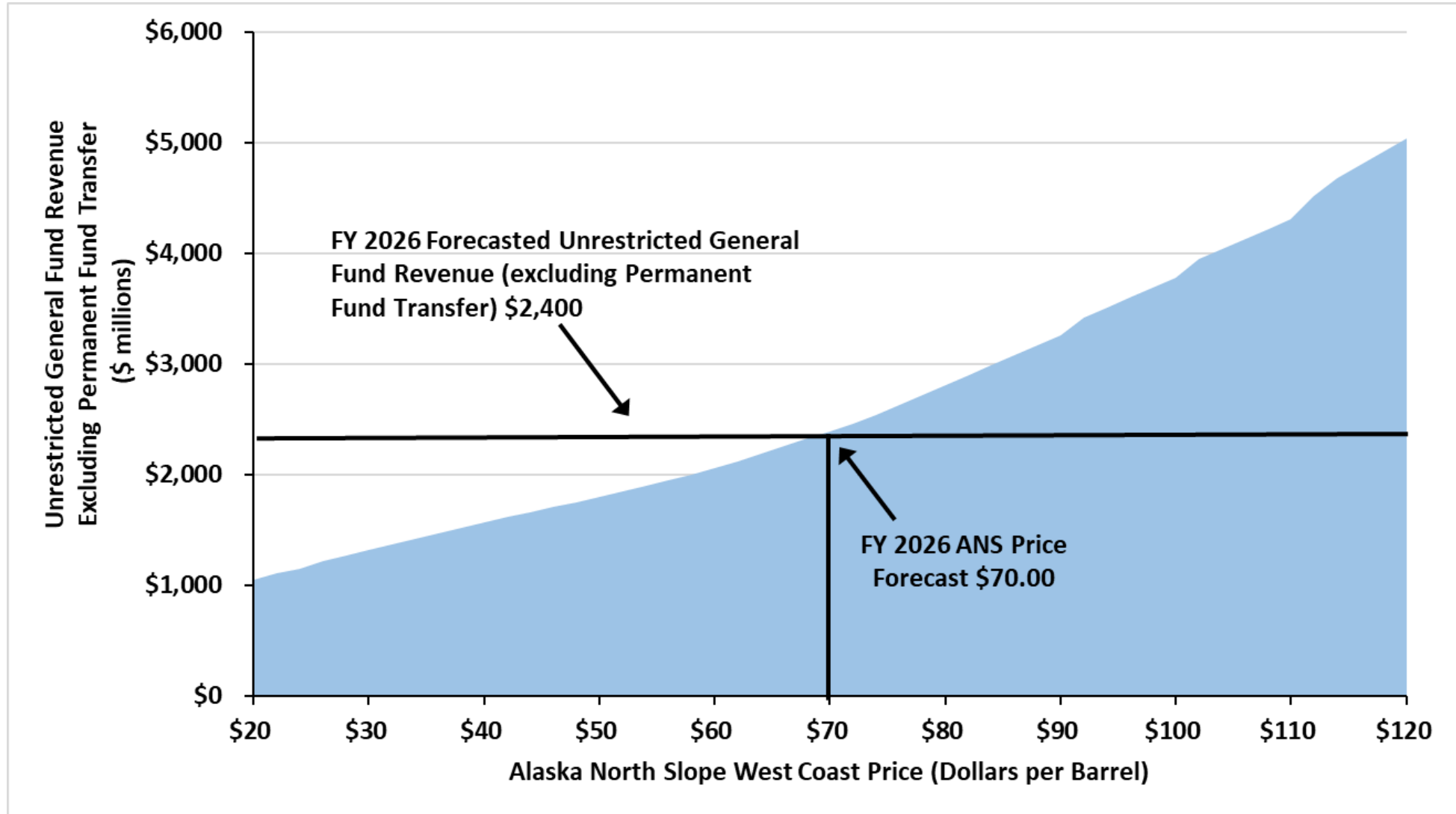


State Petroleum Revenue by Land Type

Land Lease Status	Revenue Component			
	Production Tax / Credits	Royalty	Corporate Income Tax	Property Tax
Offshore beyond 6 miles Federal OCS	Does not apply	Federal royalties applies; zero shared back to state (in Alaska; other states do receive shared royalties)	Not included in apportionment factor	Does not apply
Offshore 3-6 miles Federal OCS 8(g) area	Does not apply	Federal royalties applies; 27% shared back to state with no restrictions	Not included in apportionment factor	Does not apply
State Lands	All credits available; tax applies to all taxable production	State royalty applies	All property, production, and sales included in apportionment factor	Applies to all oil and gas property
NPR-A Federal owned	All credits available; tax applies to all taxable production	Federal royalty applies; 50% of royalties are shared back to state but must be used for benefit of local communities	All property, production, and sales included in apportionment factor	Applies to all oil and gas property
ANWR Federal owned	All credits available; tax applies to all taxable production	Federal royalty applies; 50% shared back to state with no restrictions (under current law)	All property, production, and sales included in apportionment factor	Applies to all oil and gas property
Other Federal Land	All credits available; tax applies to all taxable production	Federal royalties applies; 90% shared back to state with no restrictions	All property, production, and sales included in apportionment factor	Applies to all oil and gas property
Private Land (including Alaska Native Corporations)	All credits available; tax applies to all taxable production	Privately negotiated royalty applies; not shared with state. However state levies 5% gross tax on the value of private landowner royalty interest as part of production tax	All property, production, and sales included in apportionment factor	Applies to all oil and gas property



Petroleum Detail: UGF Relative to Price per Barrel (without POMV), FY 2026 *



* Fall 2024 Revenue Sources Book Appendix A-A



Question: Why Only about \$35 million per \$1 ANS Change?

- Comparing to several years ago when the rule of thumb was closer to \$100 million
- Somewhat lower production – impacts tax and royalty
- Somewhat more non-state-land production – impacts royalty
- Somewhat more non-C-corp production – impacts corporate tax
- Progressive production tax
 - Lower price especially in real terms
 - Higher lease expenditures
 - More companies at minimum tax floor



THANK YOU

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