

HB 284

TAX COMPACT; SALES TAX; OIL & GAS TAX

Appendix – Oil and Gas Supplemental Analysis

Department of Revenue

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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 2025 Revenue Sources Book 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



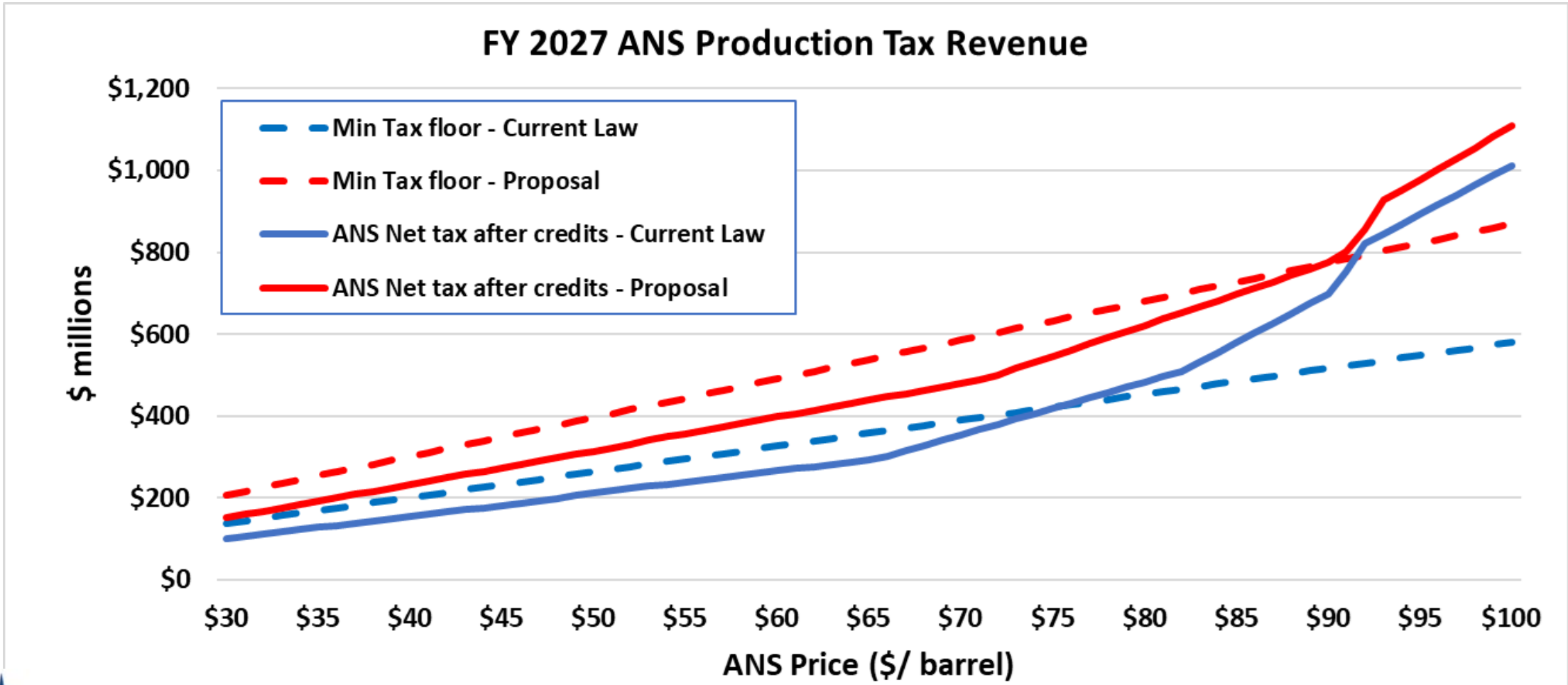
Oil and Gas Supplemental Analysis

- HB 284 includes three pieces impacting revenues from oil and gas:
 - Minimum Tax Floor increased from 4% to 6%, CY 2027 through CY 2031 (Floor reverts to 4% the earlier of the CY after TAPS throughput exceeds CY average of 650,000 barrels per day, or CY 2032)
 - Est. \$140-170 million increase in production tax revenues in FYs of full implementation
 - Infrastructure fee of \$0.15 per taxable barrel from FY 2027 onward
 - Est. \$25-30 million per year increase to Designated General Fund revenue
 - Eliminating State Corporate Income Tax from CY 2031 onward
 - Est. \$250 to \$300 million per year decrease in Unrestricted General Fund revenue after full implementation



Interaction of Minimum Tax Floor with Net Tax

Oil & Gas Production Tax: Crossover of Min Tax Floor & Net Tax

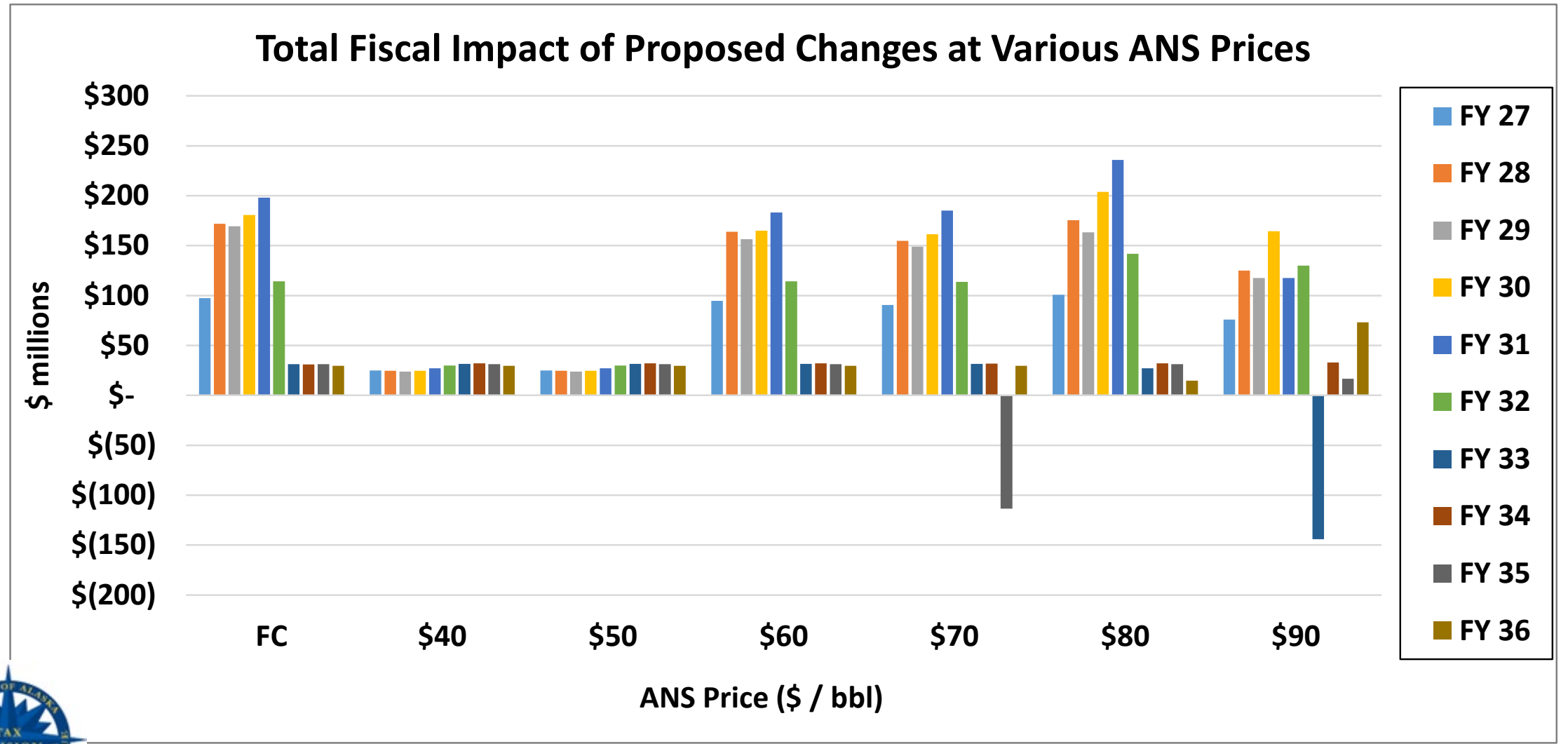


Increasing the minimum tax from 4% to 6% for FY 2027 would move the “crossover” between the gross and net taxes from about ~\$72 to ~\$89 per barrel

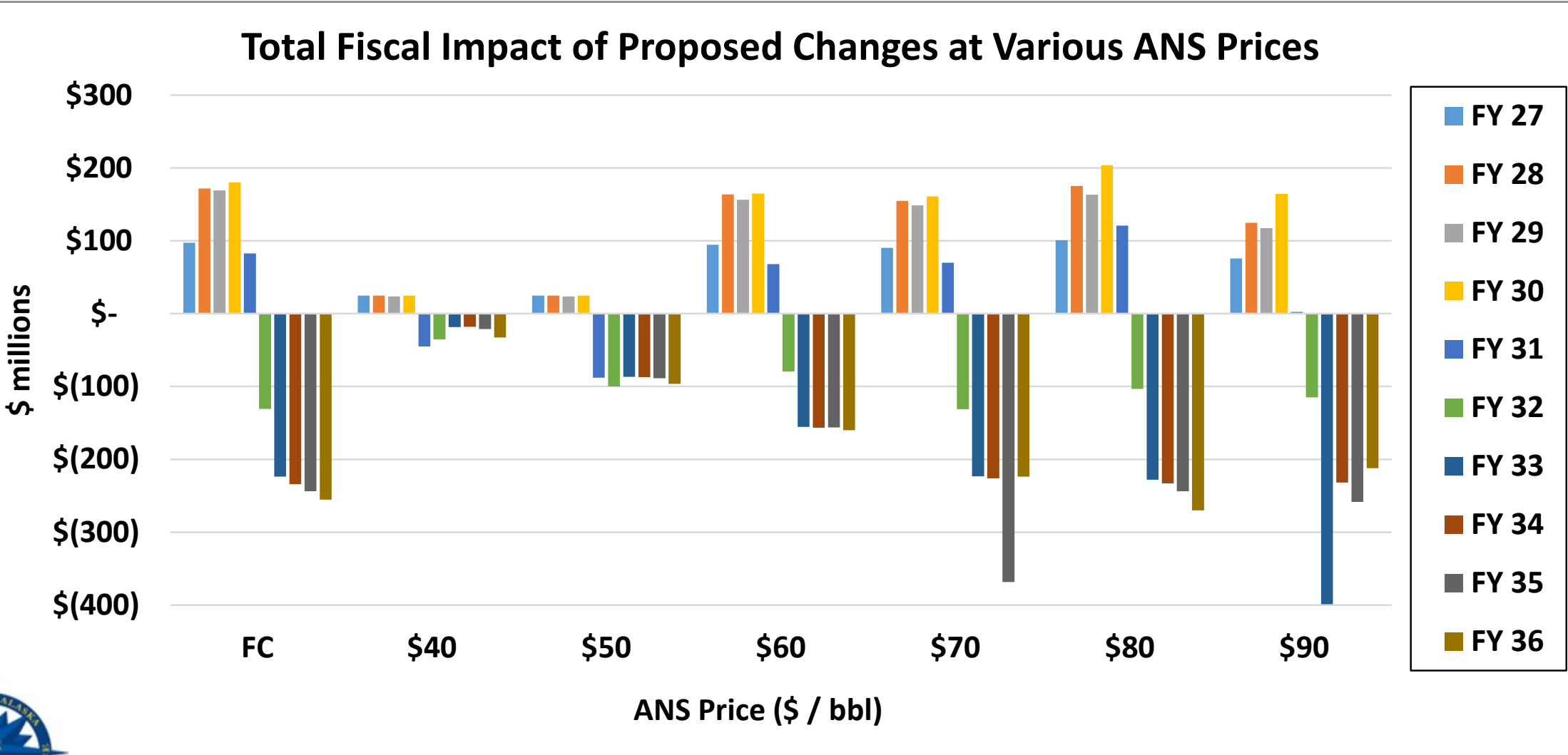


Fiscal Impact Of Changes

Fiscal Impacts of HB 284: Increased Min Tax Floor & Infrastructure Fee



Fiscal Impacts of HB 284: Increased Min Tax Floor, Infrastructure Fee, & CIT to 0%



DISTRIBUTION OF PROFITS

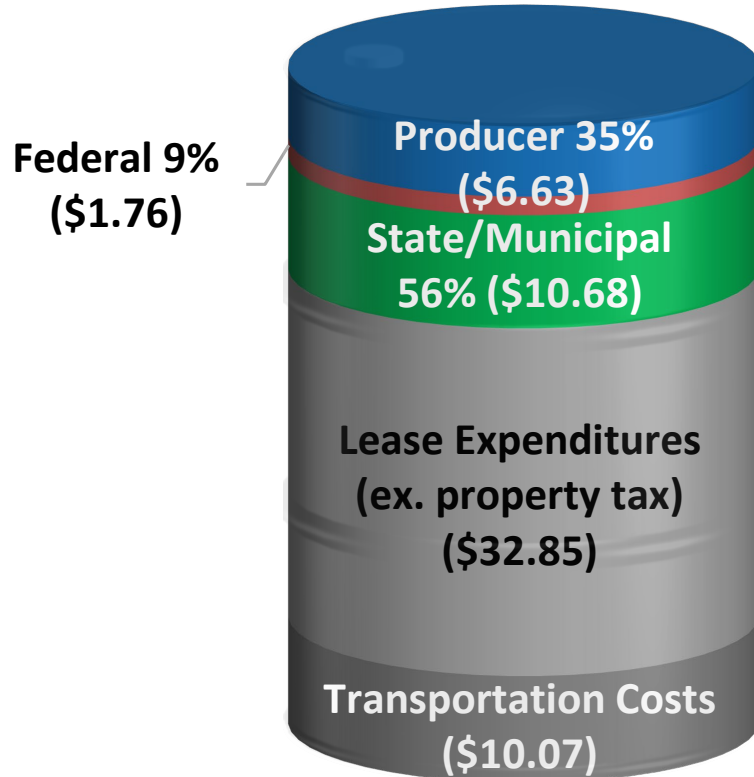
North Slope Distribution of Profits

- Based on Fall 2025 Forecast for FY 2027
- Assumes “typical” barrel of oil production
- Assumes typical deductible lease expenditures for a producer
 - \$19.21 per barrel capex, \$15.64 per barrel opex; based on total ANS barrels
- Assumes a single taxpayer on state land, 12.5 percent royalty
- Assumes \$2.00 per barrel property tax, based on total ANS barrels
- Assumes 4.25 percent effective state corporate income tax, 21 percent federal corporate income tax
 - 4.25 percent is based on historical analysis for companies subject to state corporate income tax
- Does not include any potential changes in company behavior or investment as a result of this proposal

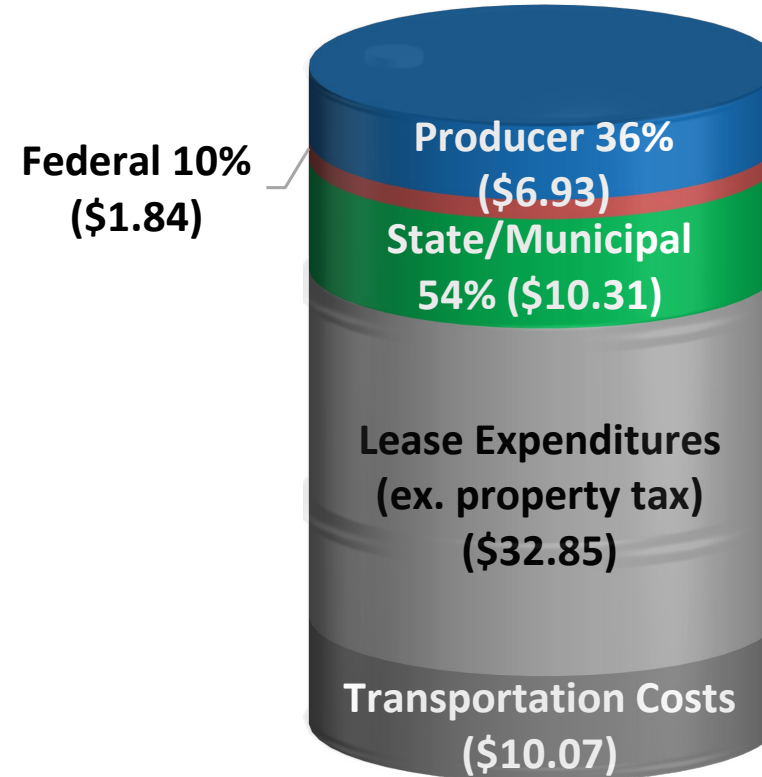


Government Take Per Barrel: Status Quo w/ and w/o State CIT

Status Quo at \$62/bbl
w/ State CIT



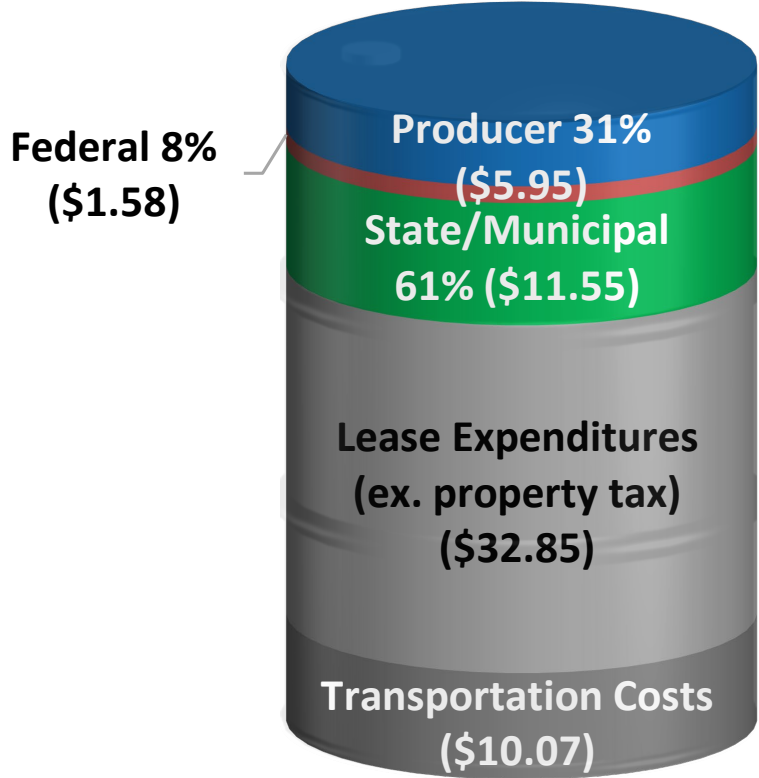
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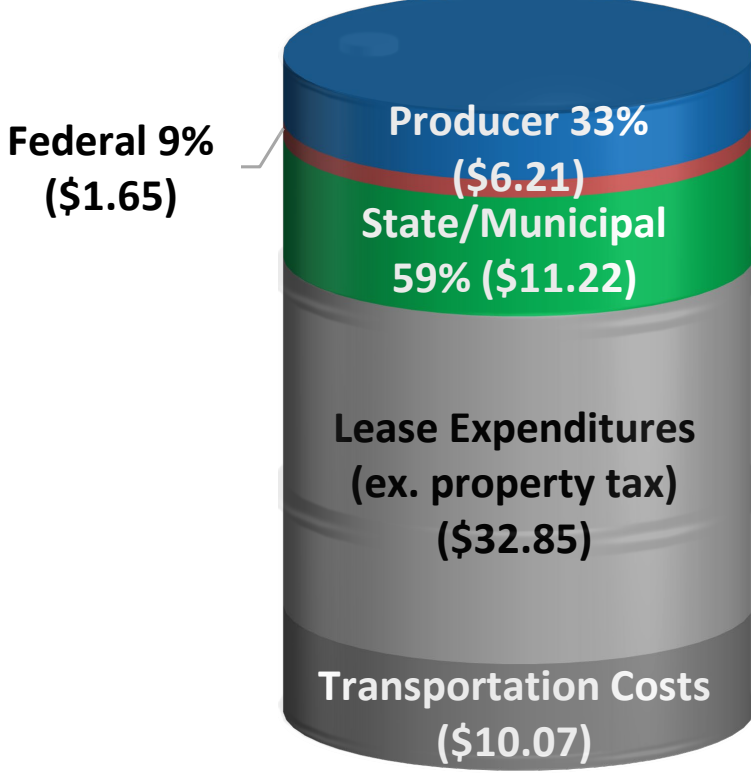
Source: DOR Fall 2025 Forecast for FY 2027. This model is a simplified and aggregated one-year illustration of government take. DOR is in the process of reviewing and analyzing the data on which this is based. Future analyses could have different results. Numbers may not add exactly due to rounding.

Government Take Per Barrel: 6% Min Tax Floor w/ and w/o State CIT

6% Min Tax Floor at \$62/bbl
w/ State CIT



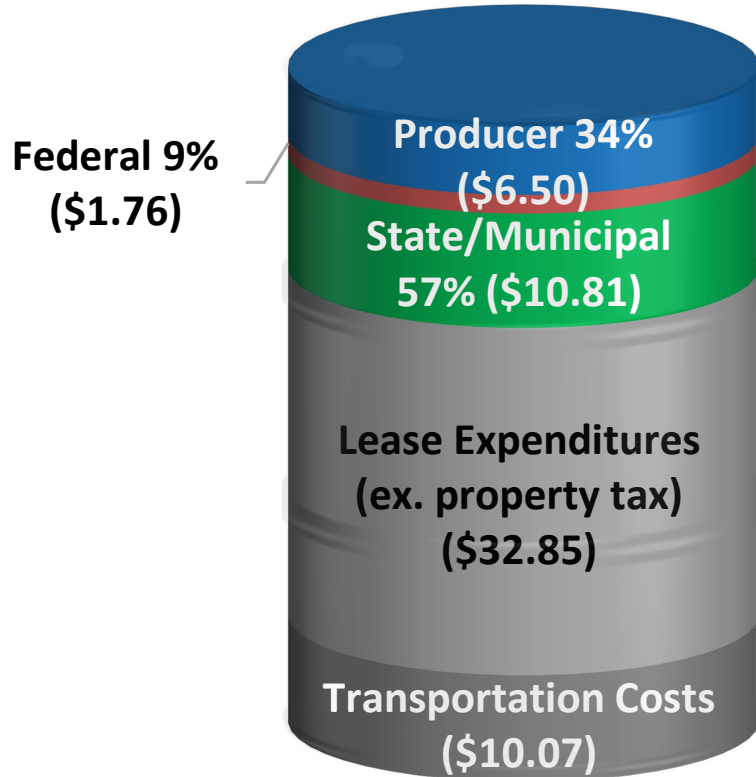
6% Min Tax Floor at \$62/bbl
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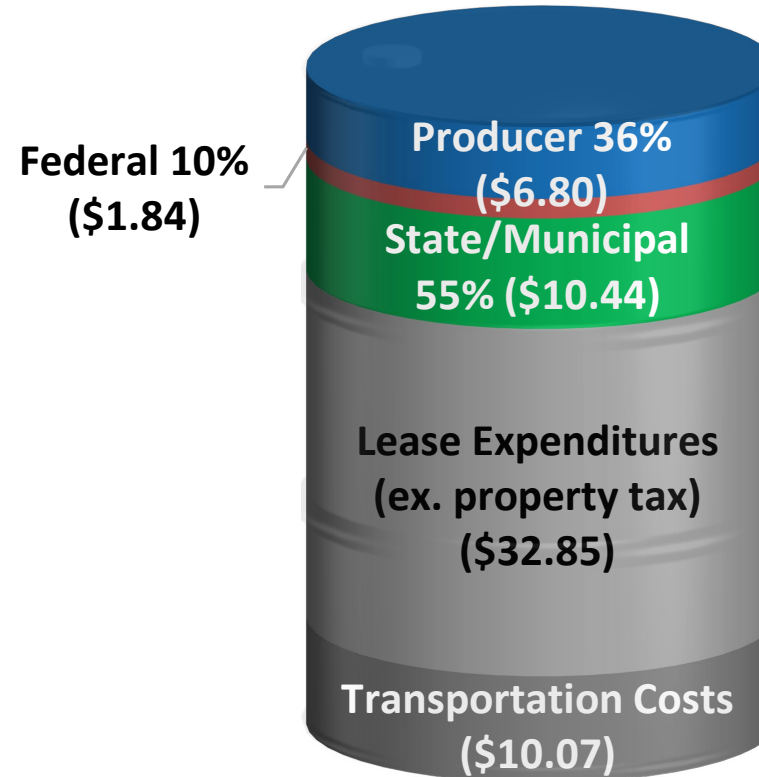
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Government Take Per Barrel: w/ Infr. Fee, w/ and w/o State CIT

Infrastructure Fee at \$62/bbl
w/ State CIT



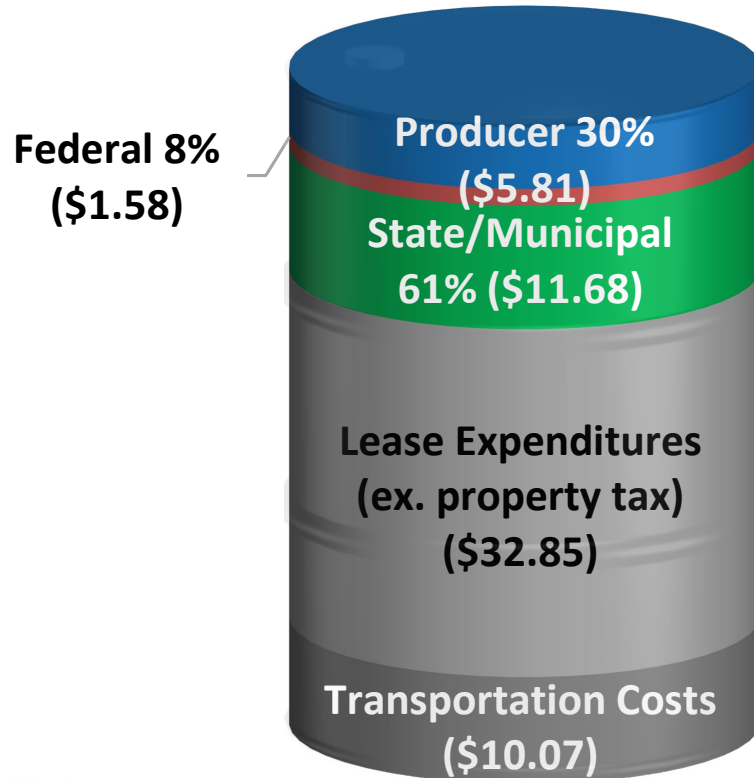
Infrastructure Fee at \$62/bbl w/o
State CIT



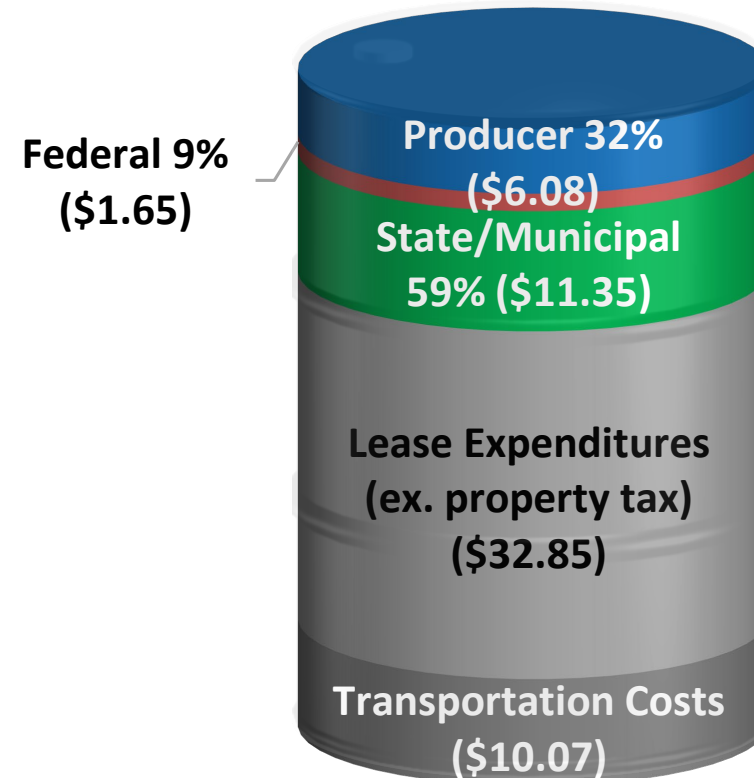
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Government Take Per Barrel: 6% Min Tax & Infr. Fee, w/ and w/o State CIT

6% Min Tax & Infrastructure Fee at \$62/bbl
w/ State CIT

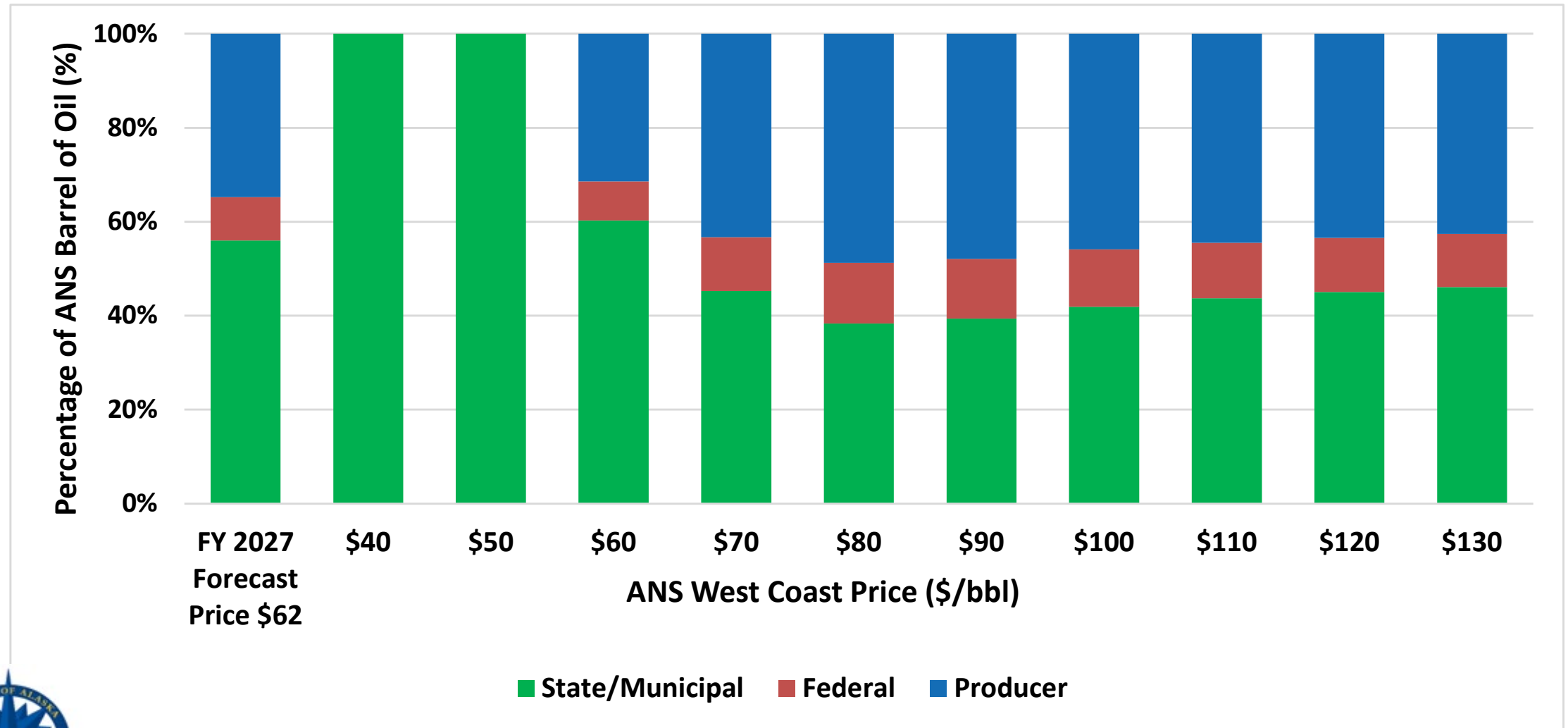


6% Min Tax & Infrastructure Fee at \$62/bbl
w/o State CIT



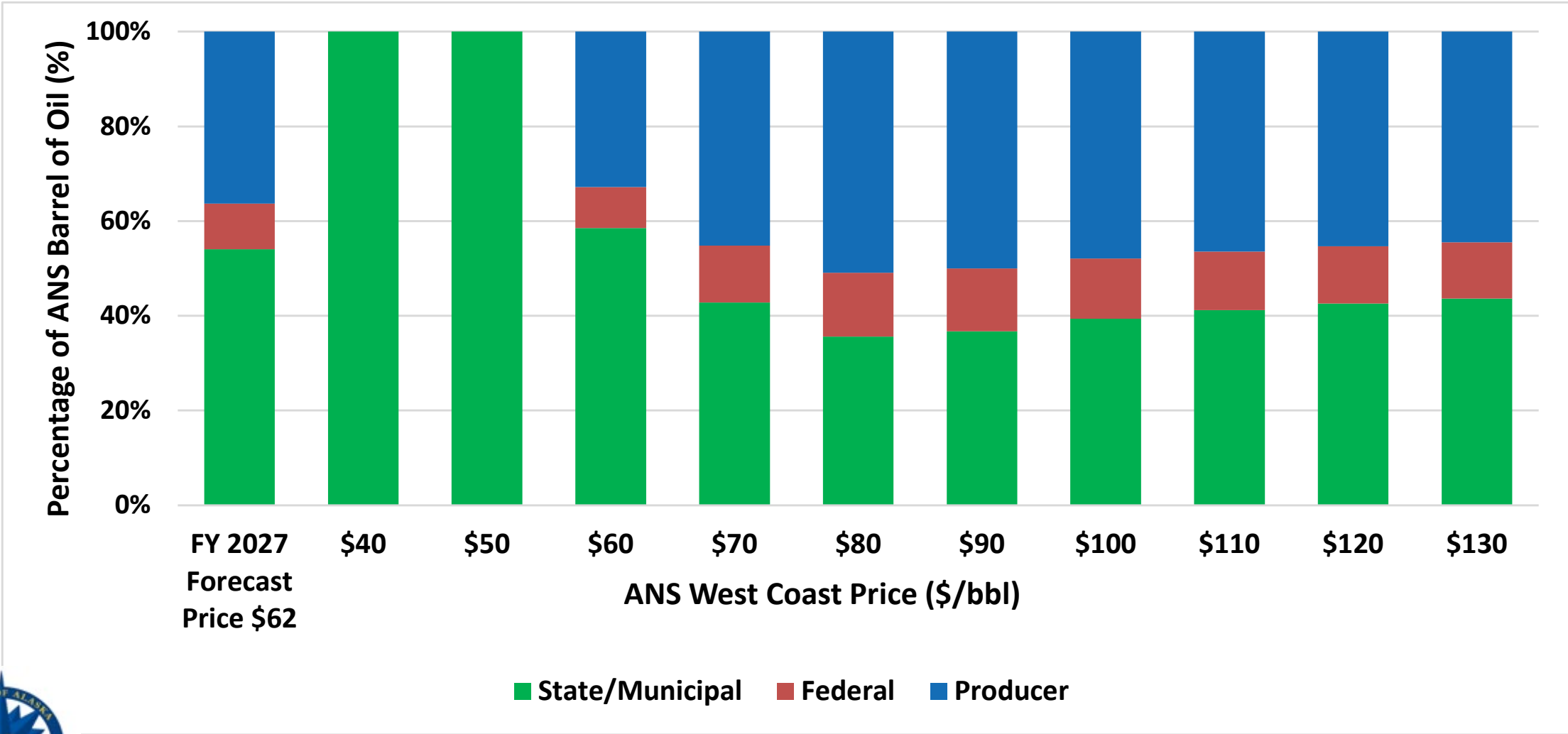
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Government Take at Various Oil Prices: Status Quo w/ State CIT



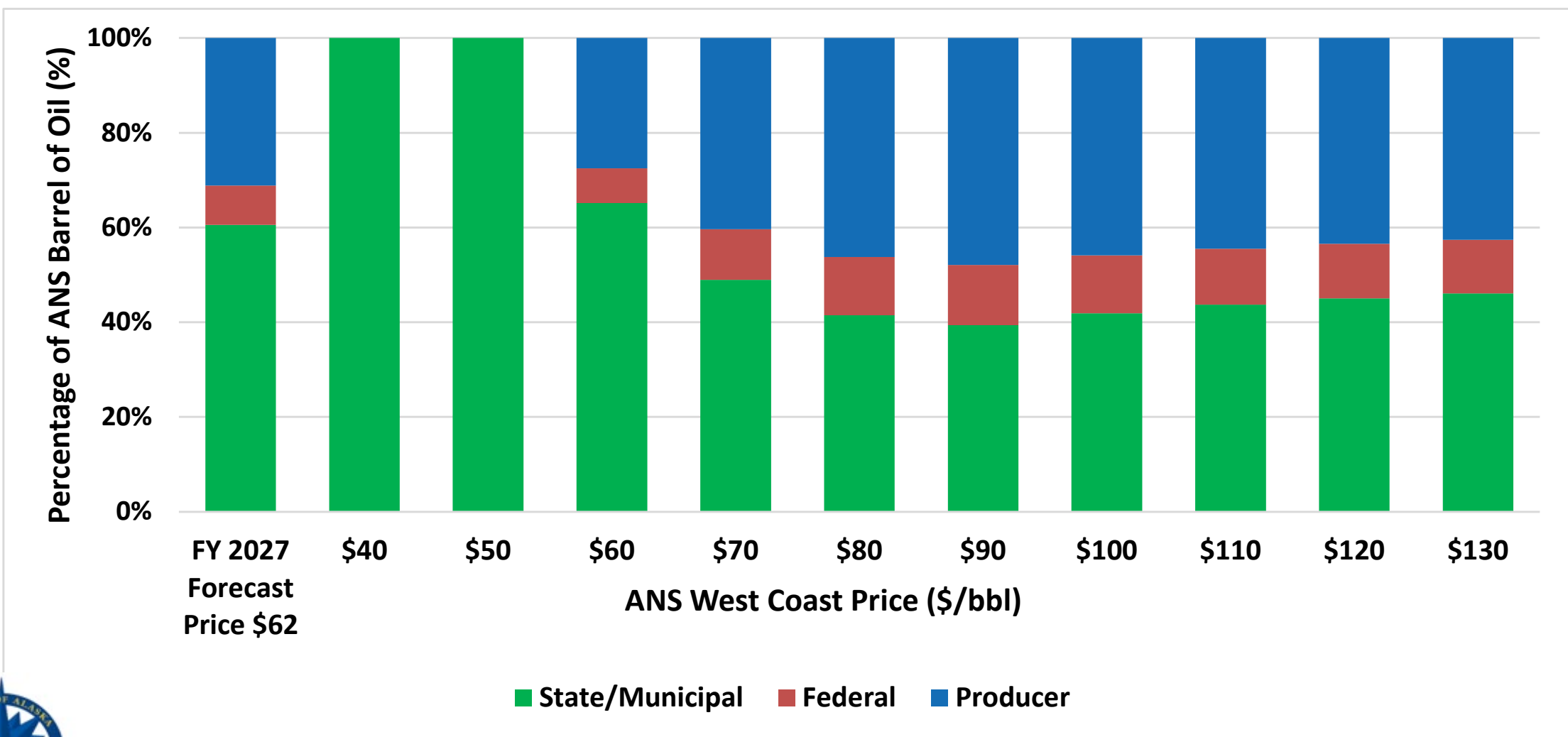
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Government Take at Various Oil Prices: Status Quo w/o State CIT



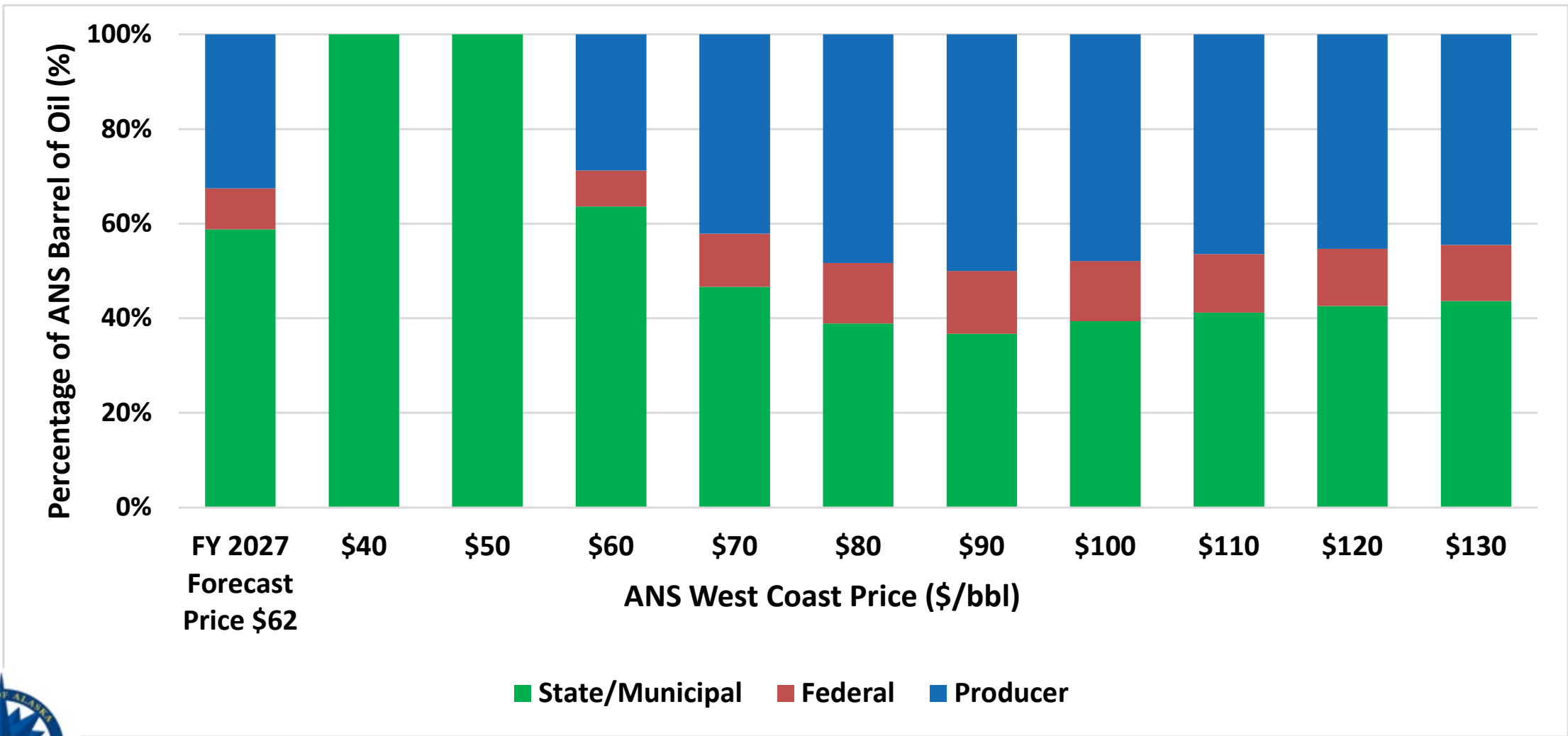
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Government Take at Various Oil Prices: 6% Min Tax Floor w/ State CIT



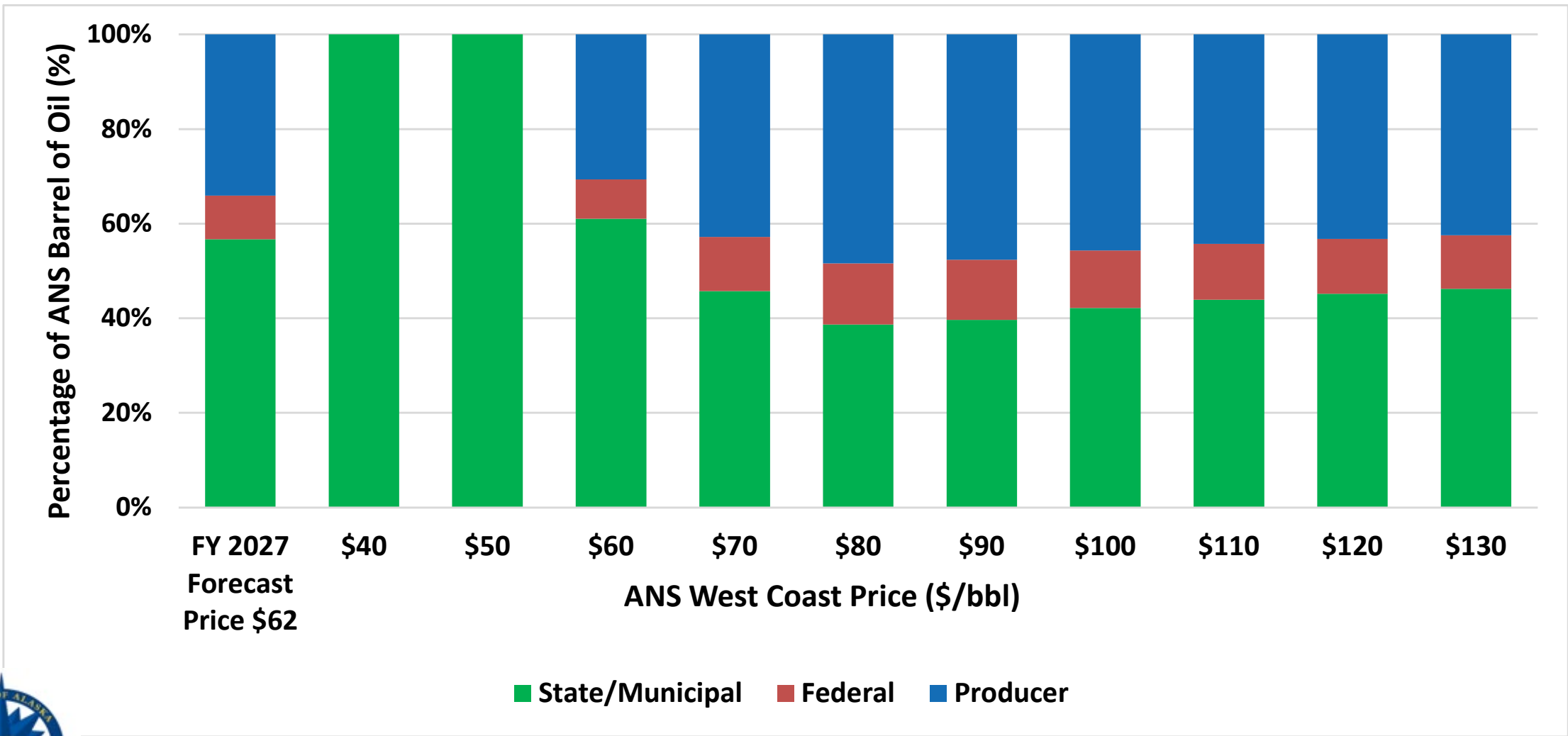
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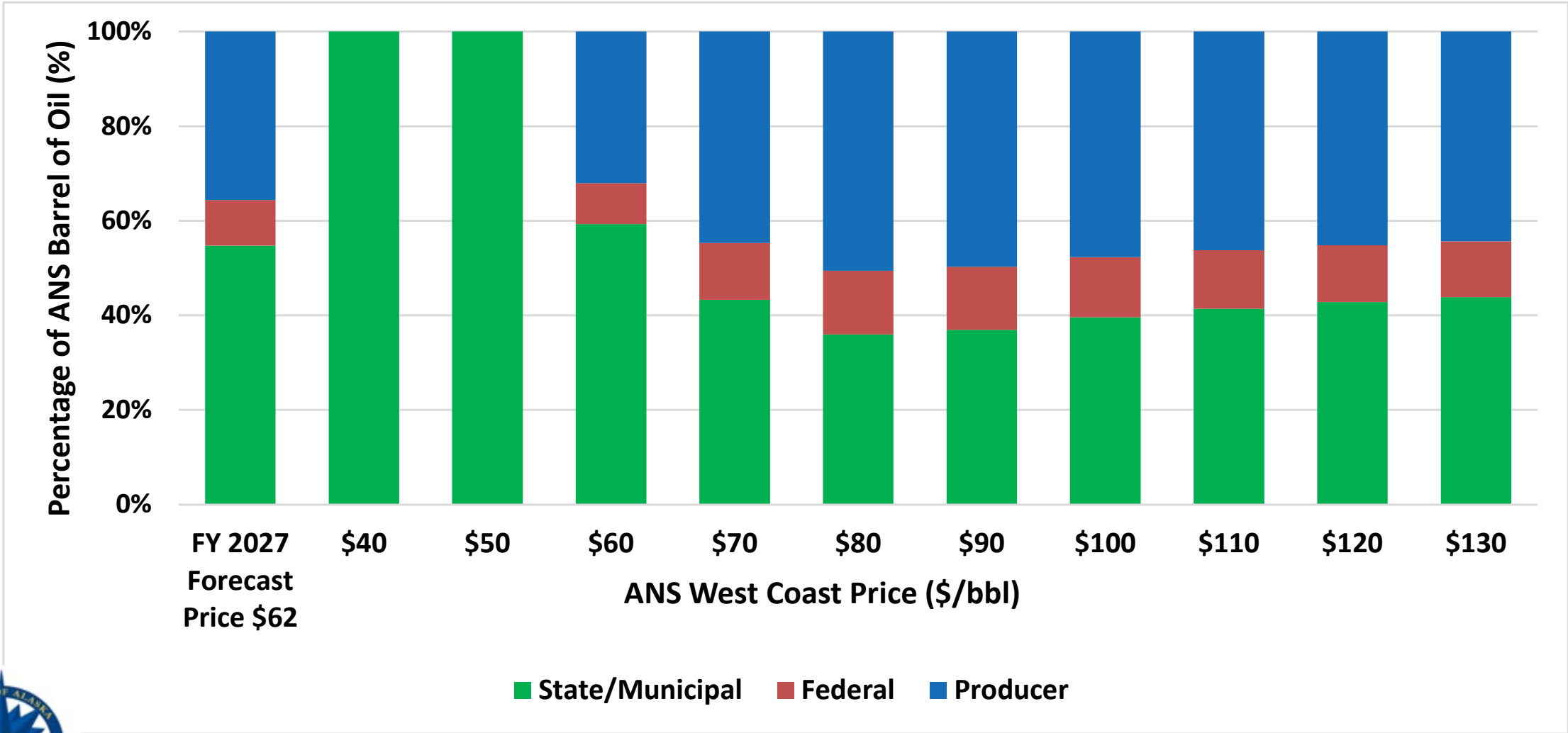
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Government Take at Various Oil Prices: Infrastructure Fee w/ State CIT



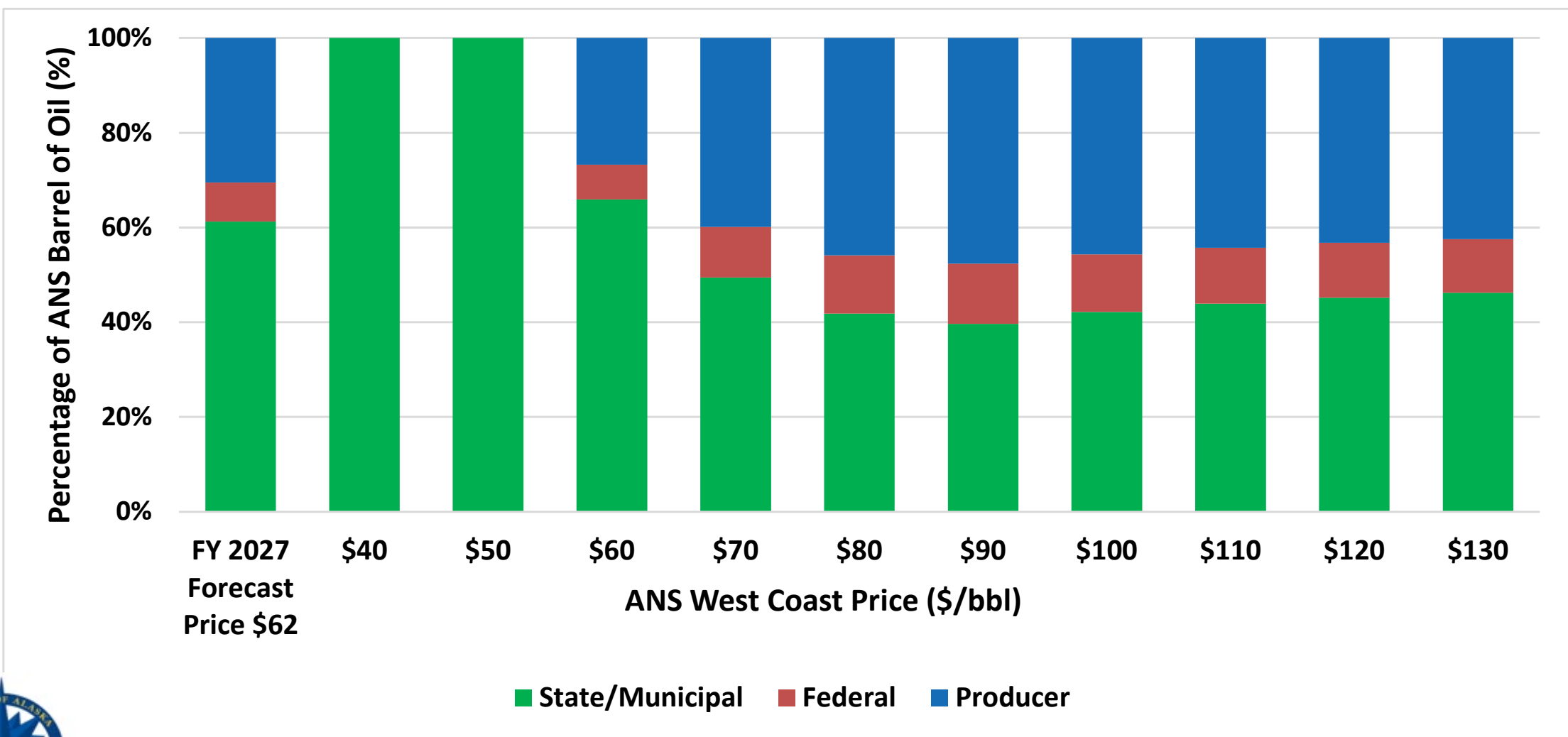
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Government Take at Various Oil Prices: Infrastructure Fee w/o State CIT



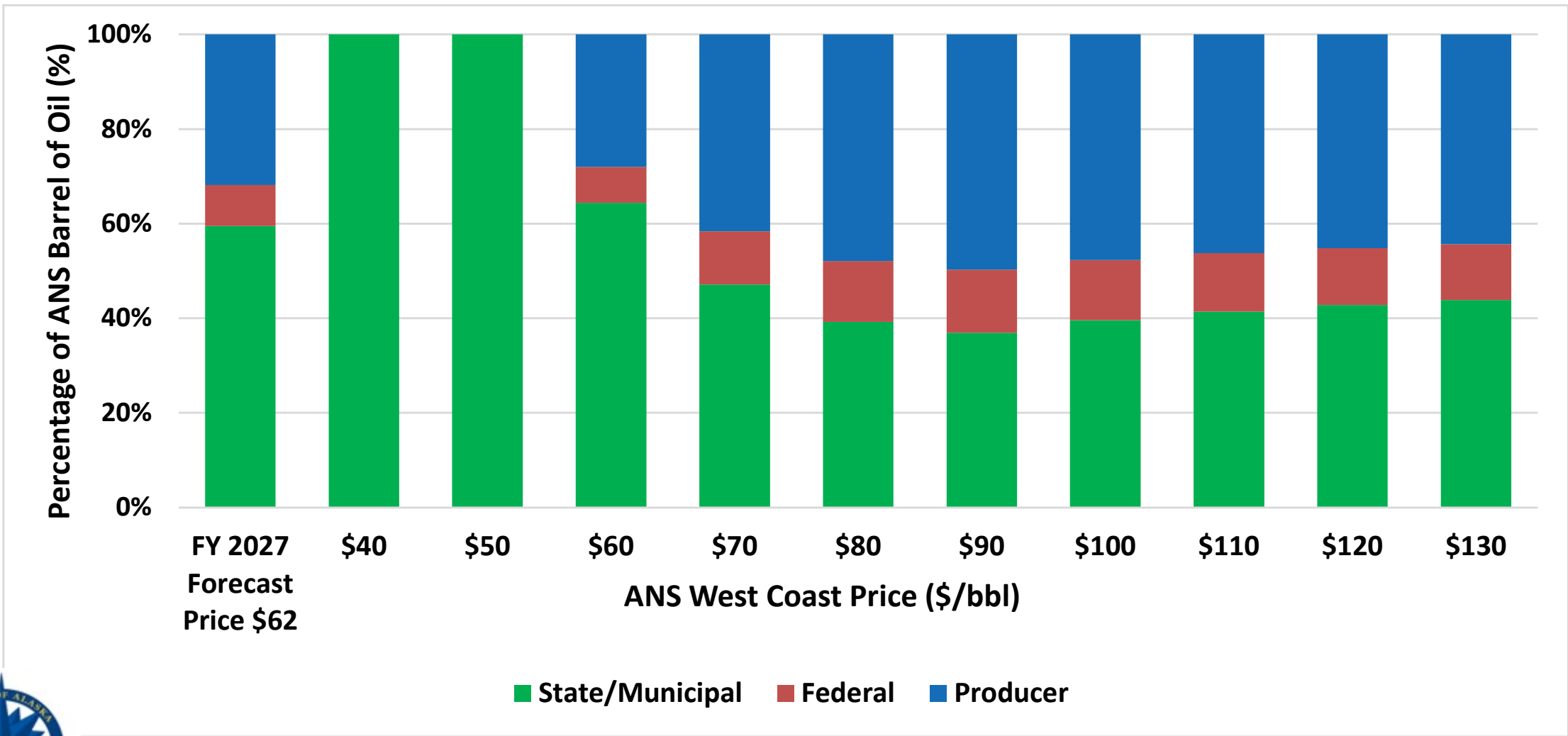
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Government Take at Various Oil Prices: 6% Min Tax Floor & Infr. Fee w/ State CIT



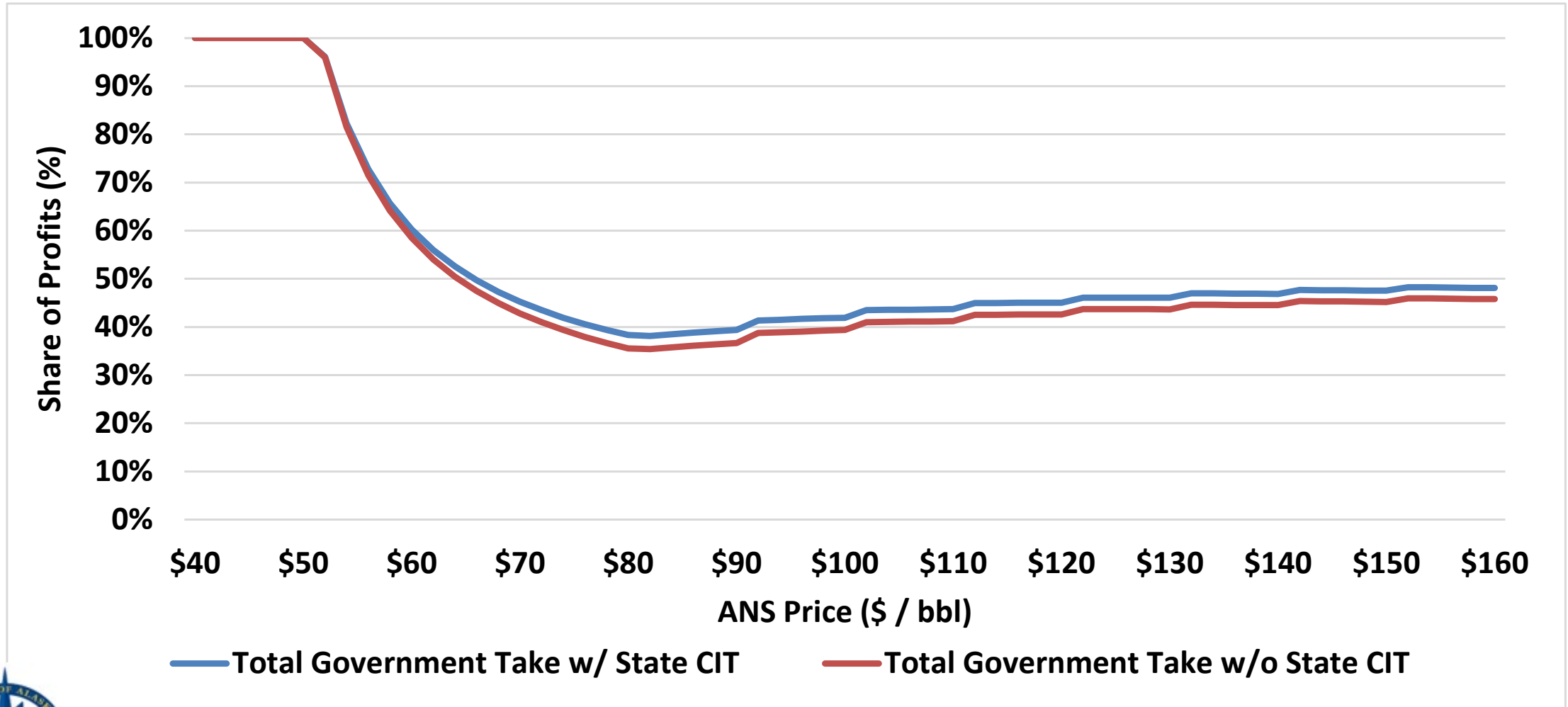
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Government Take at Various Oil Prices: 6% Min Tax Floor & Infr. Fee w/o State CIT



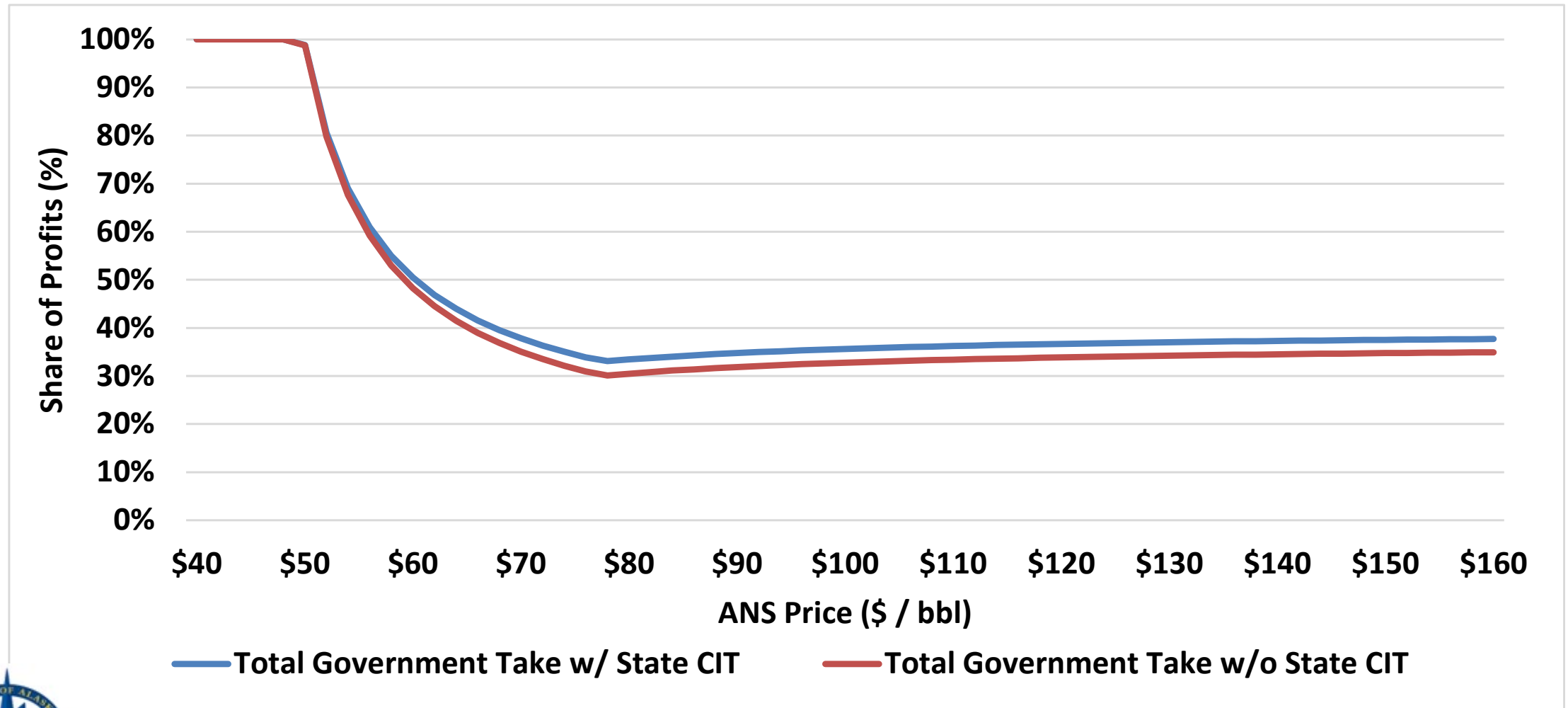
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Total Government Take: Non-GVR Production, Status Quo



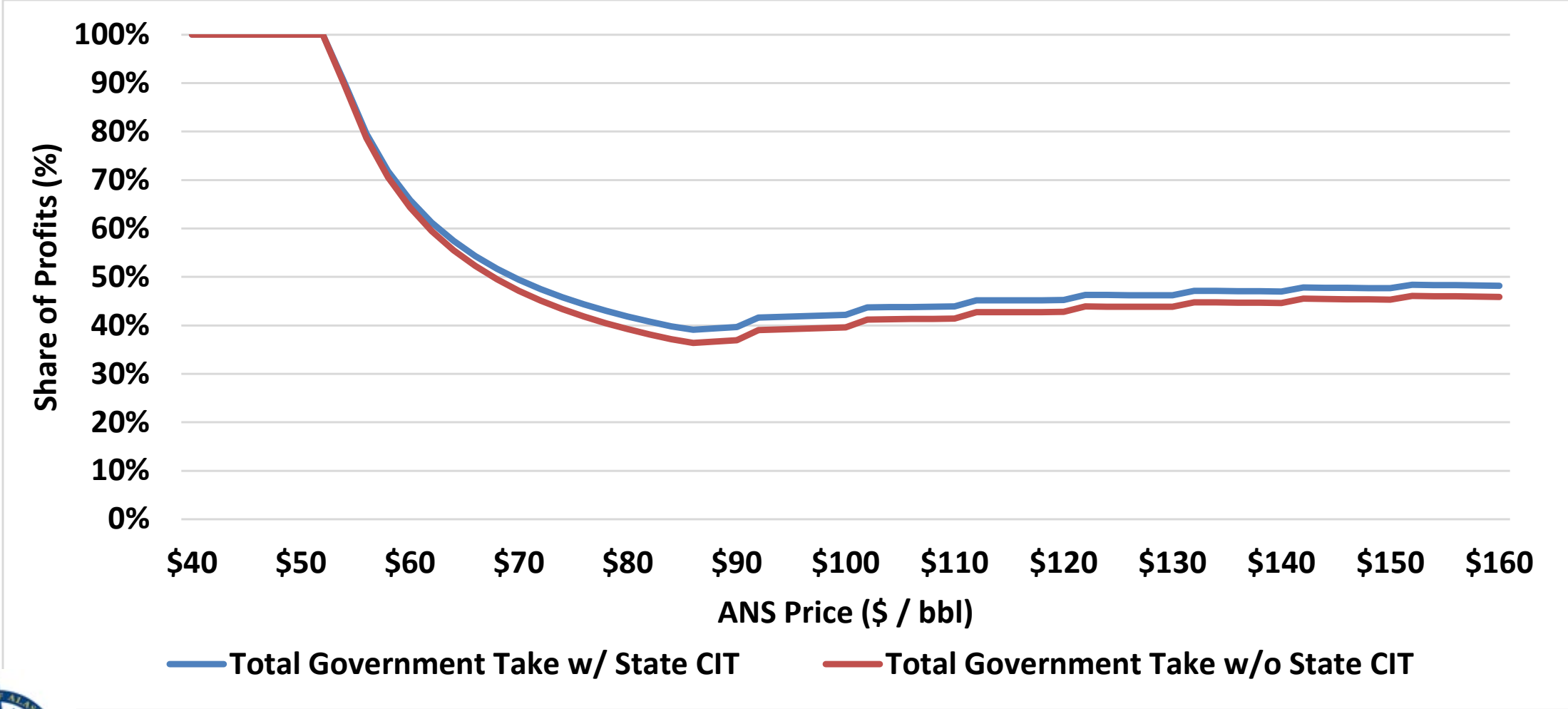
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Total Government Take: GVR Production, Status Quo



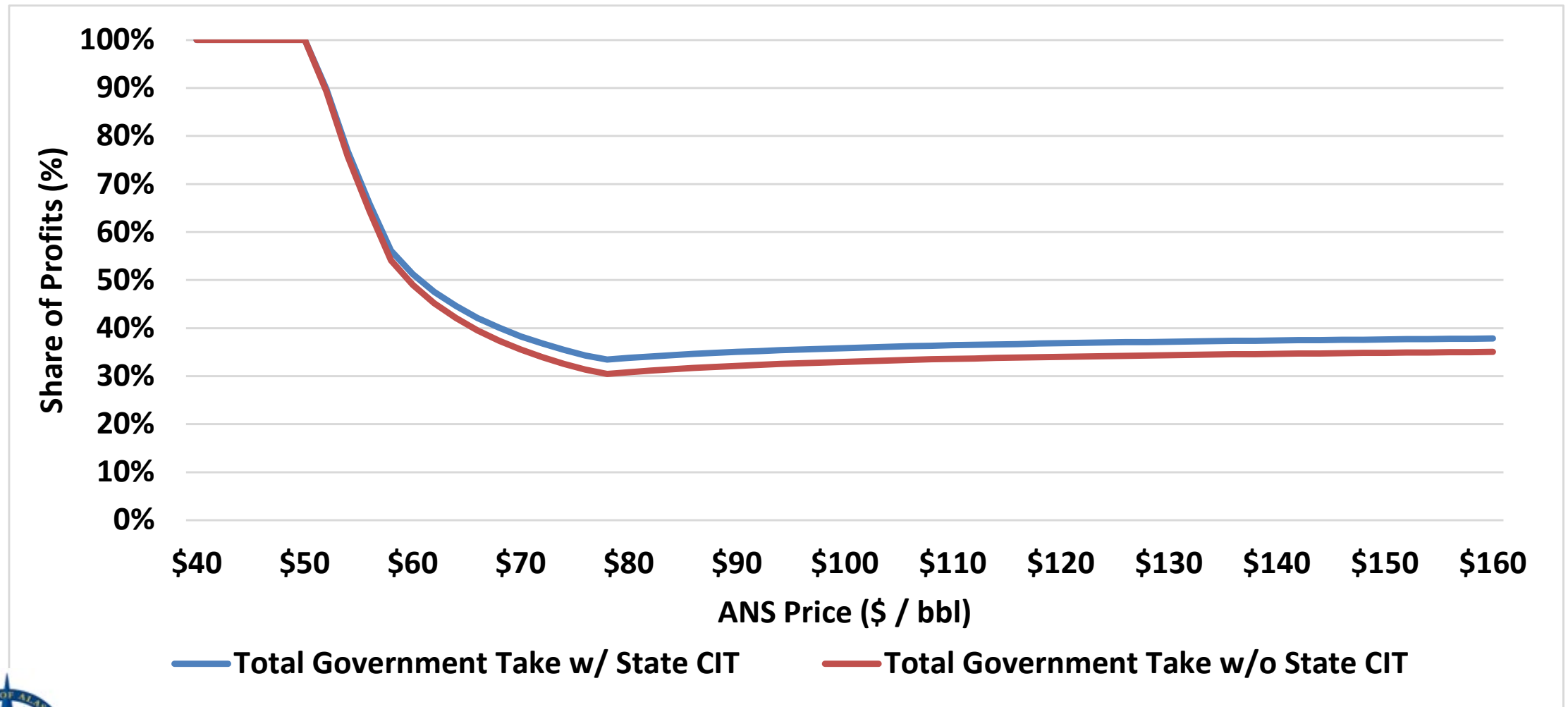
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Total Government Take: Non-GVR Production, HB 284 Provisions



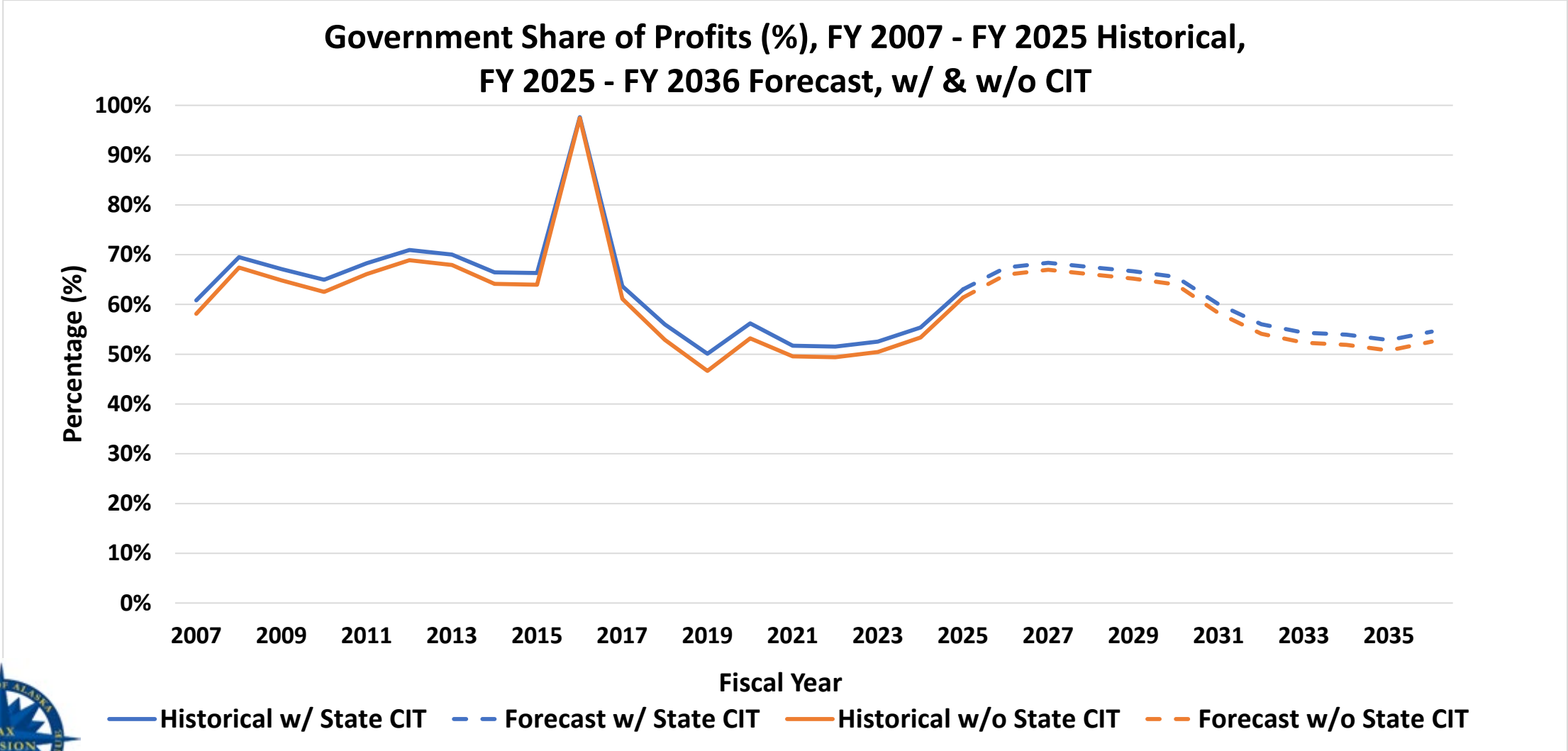
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Total Government Take: GVR Production, HB 284 Provisions



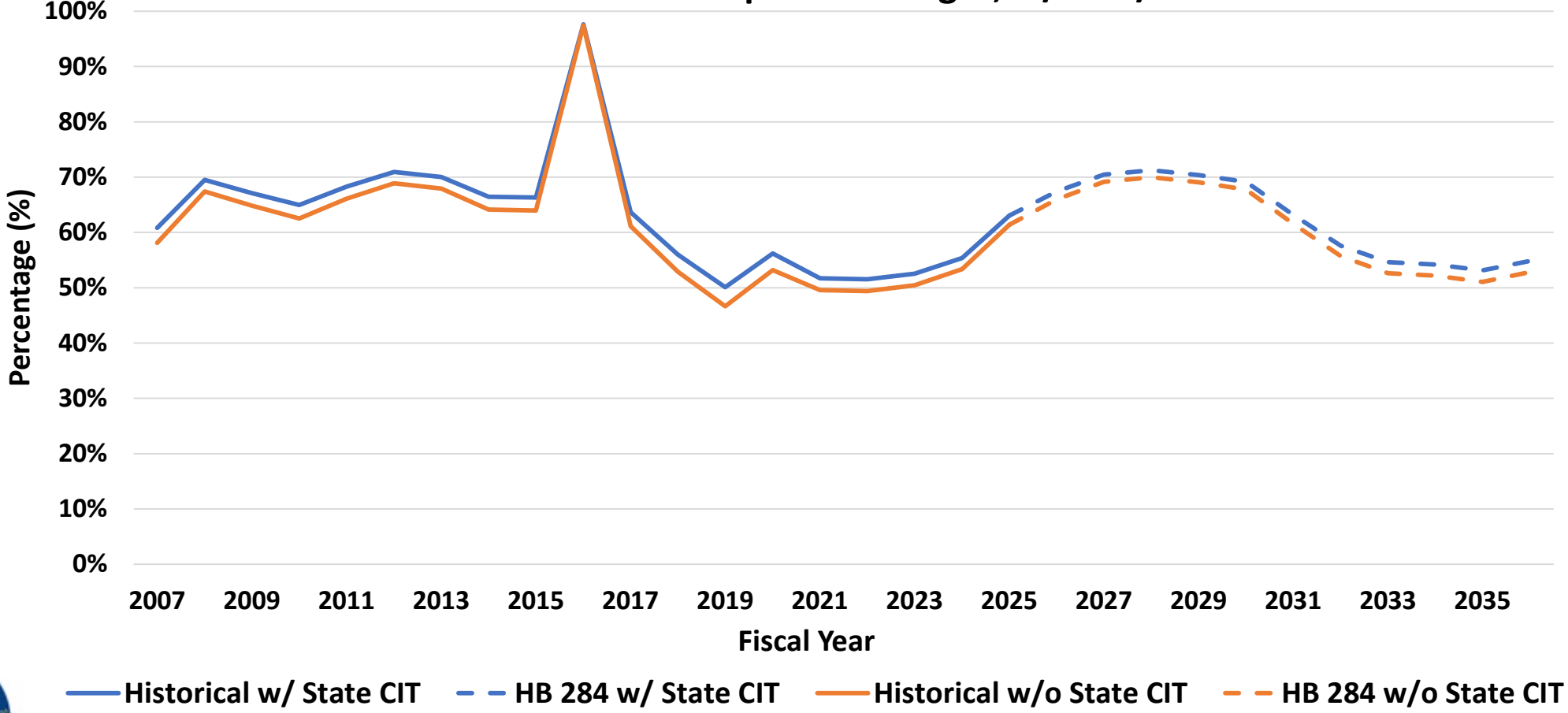
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Government Take: Retrospective and Prospective, w/ & w/o State CIT



Government Take: Retrospective and HB 284, w/ & w/o State CIT

Government Share of Profits (%), FY 2007 - FY 2025 Historical,
 FY 2025 - FY 2036 Proposed Changes, w/ & w/o CIT



Fiscal Analysis: Takeaways

- Fiscal Impact is uncertain and indeterminate
- Alaska is a high-cost jurisdiction so there is a limited amount of “profit” to share between stakeholders
- At forecast price, state CIT adds about 30 cents per barrel to government take or about two percent of total distributable income
 - Assuming typical effective tax rate
- Each company and field has unique economics, so this simple analysis should be taken in context
 - Impacts on individual companies may be more or less than estimated here



THANK YOU

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