



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Department of Revenue

COMMISSIONER'S OFFICE

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April 24, 2026

The Honorable Bert Stedman
Co-Chair, Senate Finance Committee
Alaska State Legislature
Capitol Building, Room 516
Juneau, AK 99801

The Honorable Donald Olson
Co-Chair, Senate Finance Committee
Alaska State Legislature
Capitol Building, Room 508
Juneau, AK 99801

The Honorable Lyman Hoffman
Co-Chair, Senate Finance Committee
Alaska State Legislature
Capitol Building, Room 518
Juneau, AK 99801

Dear Co-Chairs Stedman, Olson, and Hoffman

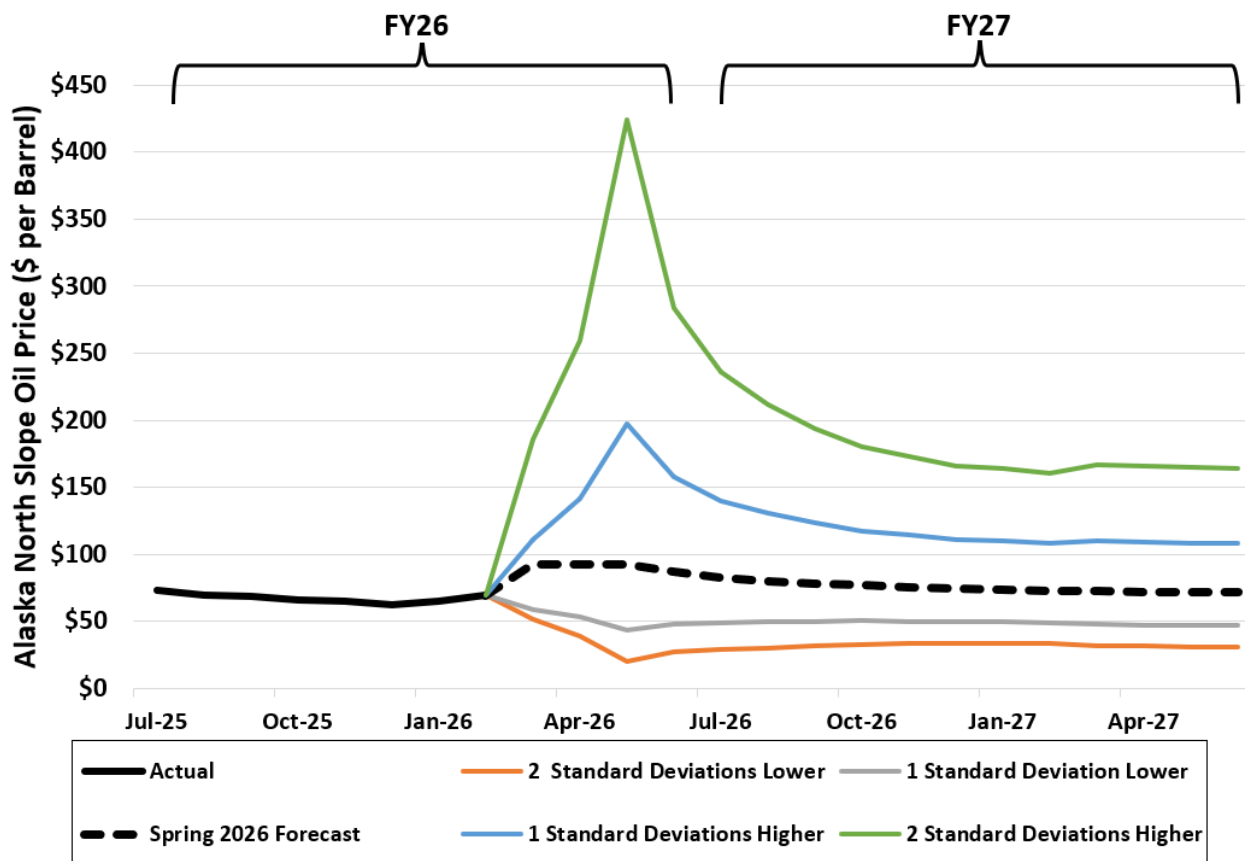
The purpose of this letter is to provide you with responses to the questions asked of the Department of Revenue (DOR) regarding the Spring 2026 forecast presentation to the Senate Finance Committee on March 16, 2026. Please see the questions in italics and our responses immediately below the questions.

1. *What is the breakeven per barrel price for oil that includes the supplemental request for the FY26 budget and prevents a CBRF draw?*

An average oil price of \$86.50 per barrel for March through June 2026 would be required to generate an additional \$460.9 million above the Fall 2025 forecast. This would be the amount needed to cover the supplemental budget and avoid a Constitutional Budget Reserve Fund (CBRF) draw per a presentation from Legislative Finance to the Senate Finance Committee on March 18, 2026.

2. Based on the projected price outlook, what is the forecasted range of outcomes when applying 1 to 2 standard deviations, reflecting both optimistic and conservative scenarios?

The following chart illustrates a range of potential oil prices based on the Spring 2026 forecast and implied price probabilities based on options markets as of when the forecast was prepared. One standard deviation would imply a range of \$40 to \$200 per barrel for May 2026, and \$45 to \$170 per barrel for FY 2027. Two standard deviations would imply a range of \$20 to \$420 per barrel for May 2026, and \$30 to \$160 per barrel for FY 2027. These wide ranges reflect the extraordinary level of uncertainty in the market at this time.



3. Provide an analysis of the historical accuracy of DOR's price forecasts compared to actual outcomes.

The following table shows ten years of actual Alaska North Slope (ANS) oil prices, as well as the difference from spring forecasts made in the current fiscal year (for example, the FY 2016 forecast made in Spring 2016) and in the previous fiscal year (for example, the FY 2016 forecast made in Spring 2015).

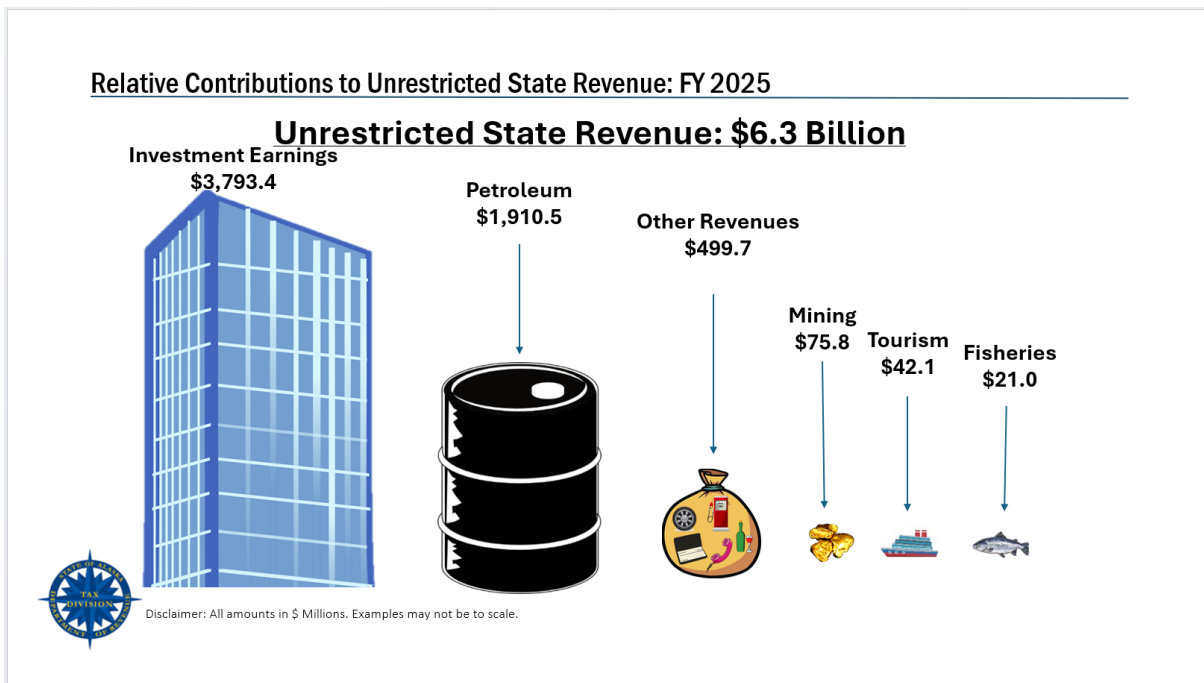
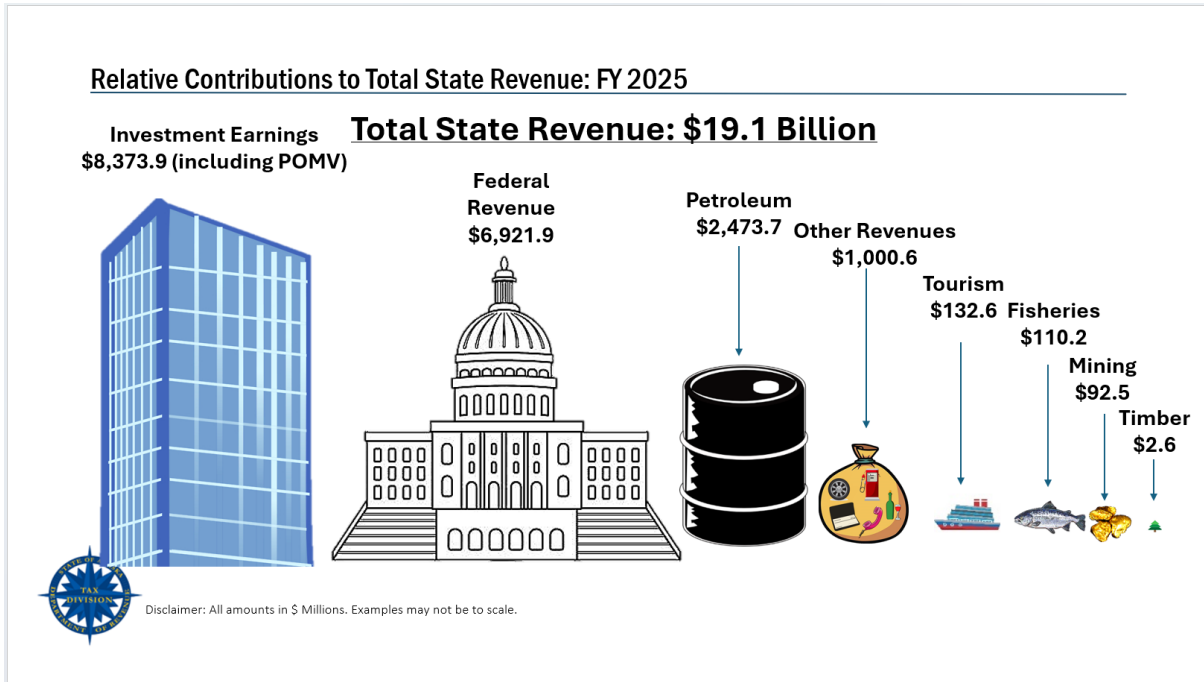
Current fiscal year forecasts had an absolute average error of \$1.17 per barrel or 2.0%, reflecting the higher degree of certainty when eight months of actual prices are known and the forecast is only looking 3-4 months out. Forecast from the prior fiscal year had an absolute average error of \$14.14 per barrel or 22.6%, reflecting the inherent difficulty of predicting oil prices over future time horizons.

Spring Forecast Error Analysis						
Fiscal Year	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	
Actual Price (\$)	\$ 43.18	\$ 49.43	\$ 63.61	\$ 69.46	\$ 52.12	
Difference From Spring FC of current FY (\$)	(\$3.19)	\$0.62	(\$2.61)	(\$0.56)	(\$0.47)	
Forecast Error	7.4%	1.3%	4.1%	0.8%	0.9%	
Difference From Spring FC of Prior FY (\$)	\$22.85	(\$10.54)	(\$9.61)	(\$6.46)	\$13.88	
Forecast Error	52.9%	21.3%	15.1%	9.3%	26.6%	
Fiscal Year	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	Average FY 2026- 2025
Actual Price (\$)	\$ 54.14	\$ 91.41	\$ 86.63	\$ 85.24	\$ 74.15	
Difference From Spring FC of current FY (\$)	(\$1.09)	\$0.27	(\$1.38)	(\$1.16)	\$0.33	\$ 1.17
Forecast Error	2.0%	0.3%	1.6%	1.4%	0.4%	2.0%
Difference From Spring FC of Prior FY (\$)	(\$17.14)	(\$30.41)	\$14.37	(\$12.24)	\$3.85	\$ 14.14
Forecast Error	31.7%	33.3%	16.6%	14.4%	5.2%	22.6%

Note, DOR uses futures markets as the exclusive basis for its oil price forecasts as of Fall 2019. Historically, futures markets have proven to provide a relatively more accurate source of oil price expectations compared to other sources such as the Energy Information Agency, industry analyst averages, or DOR when an independent price forecast was produced prior to 2019. Directionally, the forecast errors have improved since this Fall 2019 change.

4. Provide dollar amounts for slides 25 and 26 of the Spring Forecast Presentation showing Relative Contributions to Total State Revenue and Total Unrestricted Revenue.

The following figures have been revised to include specific dollar figures across the following revenue categories: investment earnings, federal revenue, petroleum, other revenues, tourism, fisheries, mining, and timber.



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I hope you find this information to be useful. Please do not hesitate to contact me if you have further questions.

Sincerely,



Janelle L. Earls

Acting Commissioner

cc: Jordan Shilling, Legislative Director, Office of the Governor
Lacey Sanders, Director, Office of Management and Budget