



THE STATE  
*of* **ALASKA**  
GOVERNOR MIKE DUNLEAVY

## Department of Revenue

### COMMISSIONER'S OFFICE

State Office Building  
333 Willoughby Avenue, 11<sup>th</sup> Floor  
P.O. Box 110400  
Juneau, Alaska 99811-0400  
Main: 907.465.2300  
Fax: 907.465.2389

March 21, 2025

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

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

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

Dear Co-Chairs Hoffman, Olson, and Stedman,

Thank you for the opportunity to respond to questions asked by the Senate Finance Committee during the hearing on the Spring Revenue Forecast on March 13, 2025. Please see the questions in italics and our response immediately below.

**1. *Provide information about oil and gas property tax received by the state and municipalities.***

The 2024 Fall Revenue Sources Book Table 6-9, included below, documents both state and local property tax from petroleum properties in the North Slope Borough and other taxing jurisdictions across the state for FY2024.

## Petroleum Property Tax<sup>1</sup>

### Distribution and local mill rates, FY 2024

Millions of Dollars					
	Taxing Jurisdiction	Gross Tax	Local Share	State Share	Local Effective Mill Rate
1	Municipality of Anchorage	4.0	3.2	0.8	16.15
2	City of Cordova	0.3	0.1	0.1	9.93
3	Fairbanks North Star Borough	14.4	9.9	4.5	13.73 <sup>2</sup>
4	Kenai Peninsula Borough	32.4	15.9	16.4	9.85 <sup>2</sup>
5	Matanuska-Susitna Borough	1.7	1.1	0.6	13.16 <sup>2</sup>
6	North Slope Borough	485.0	436.3	48.7	17.99
7	City of Valdez	43.6	43.6	0.0	20.00
8	City of Whittier	0.0	0.0	0.0	8.00
9	Unorganized	61.8	0.0	61.8	N/A
10	Total FY 2024	643.2	510.2	133.0	

<sup>1</sup> Tax amounts shown here represent the total certified tax roll for the 2024 tax year, due June 30, 2024. These amounts may not exactly match cash revenue received in the fiscal year as presented elsewhere in this book due to a combination of credits, late payments, and/or prior year adjustments and refunds. Gross Tax is total tax paid to both the local government and the State of Alaska. The Local Share and State Share columns represent revenue primarily received in June 2024.

<sup>2</sup> The Fairbanks North Star Borough, Kenai Peninsula Borough, and Matanuska-Susitna Borough do not have a uniform mill rate for petroleum properties. The rate presented here is the weighted-average effective mill rate based on the 2024 certified tax roll.

## 2. *Provide information about why the state share of the petroleum property tax is expected to increase by about \$10 million in FY2025 but then remain fairly stable in FY2026.*

The state share of petroleum property tax contributed \$130.8 million of Unrestricted General Fund revenue in FY2024. In the Spring 2025 Forecast, this value is forecast at \$141.1 million in FY2025 and \$141.6 million in FY2026.

The FY2025 forecast is based on preliminary 2025 tax assessments that reflect known new taxable capital investment associated with developments such as Pikka and Willow.

Forecasts beyond FY2025 are less certain and are based on modeling that acknowledges that new investment is being offset by the depreciation of existing property.

Please let me know if I can be of further assistance.



Adam Crum

Commissioner

cc: Jordan Shilling, Director, Governor's Legislative Office