



Oil & Gas Tax Status Report

*Presentation to the
Senate Resources Committee
April 1, 2011
Alaska Department of Revenue*



ACES Status Report



- Overview of the Publication
- What We Know

➤ *Required report to the legislature under AS 43.55.180*

➤ *Released January 18, 2011*



Overview of ACES Status Report



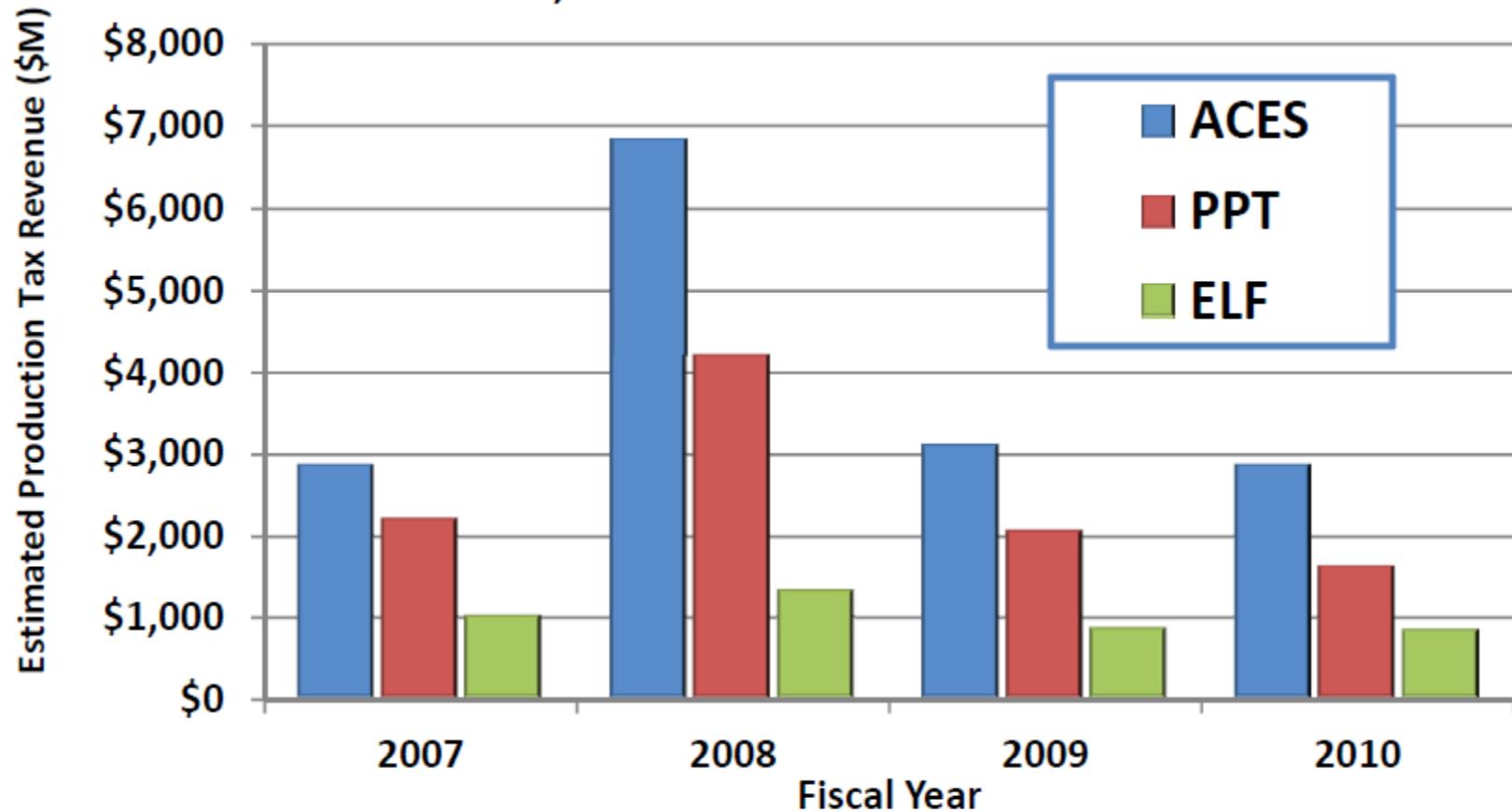
- 1. Revenue Generation / Tax Rate**
- 2. Industry Investment**
- 3. Impact on Exploration, Development, Production**
- 4. Industry Employment and New Entrants**
- 5. Use and Expansion of Tax Credits**
- 6. Tax Administration and Compliance**
- 7. Conclusions and Recommendations**



What We Know: State Revenue Has Increased

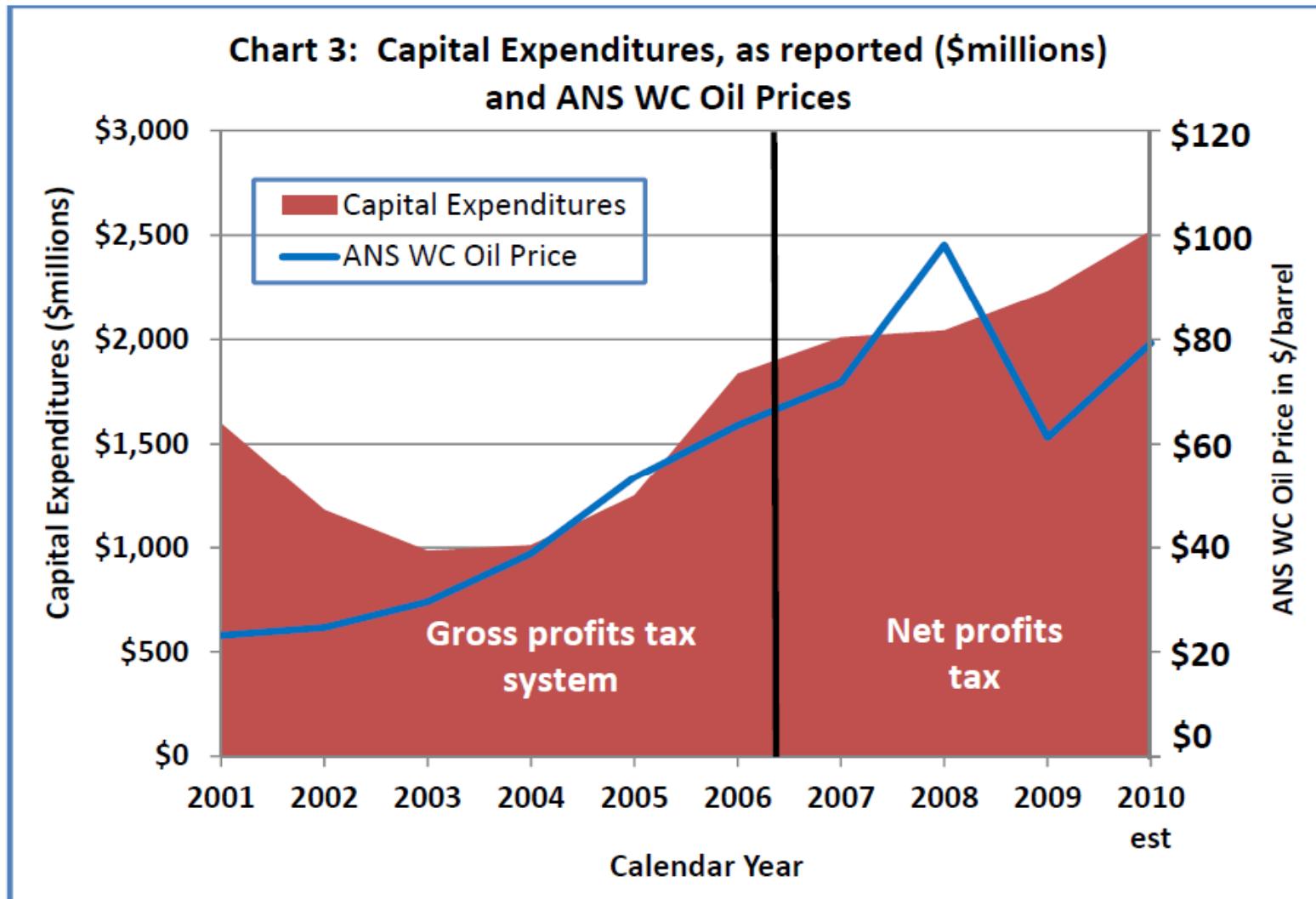


**Chart 1: Comparison of Estimated Production Tax Revenue
From ACES, PPT and ELF for FY 2007 - FY 2010**





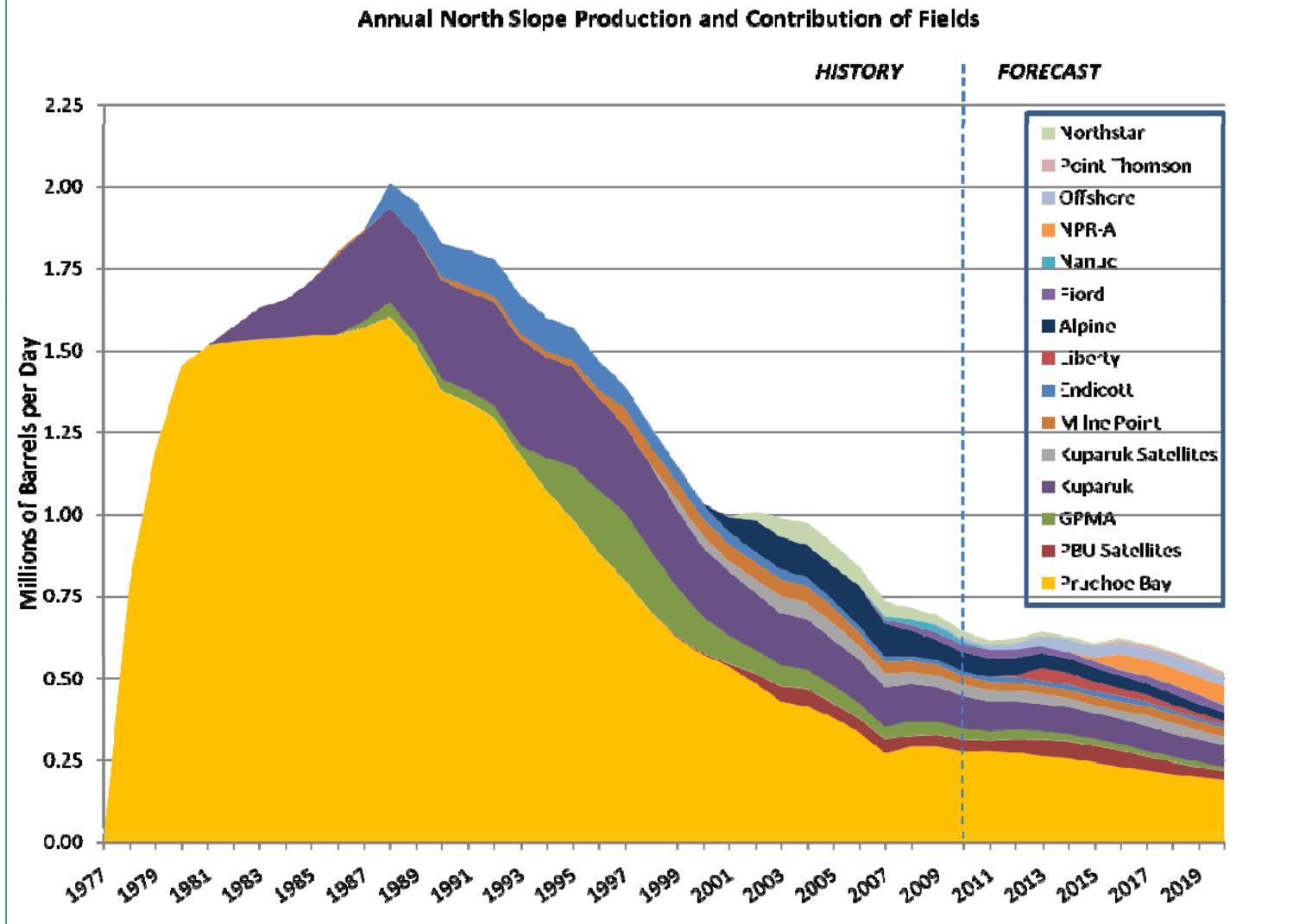
What We Know: Companies are spending more



Source: Oil & Gas Tax Status Report 2011



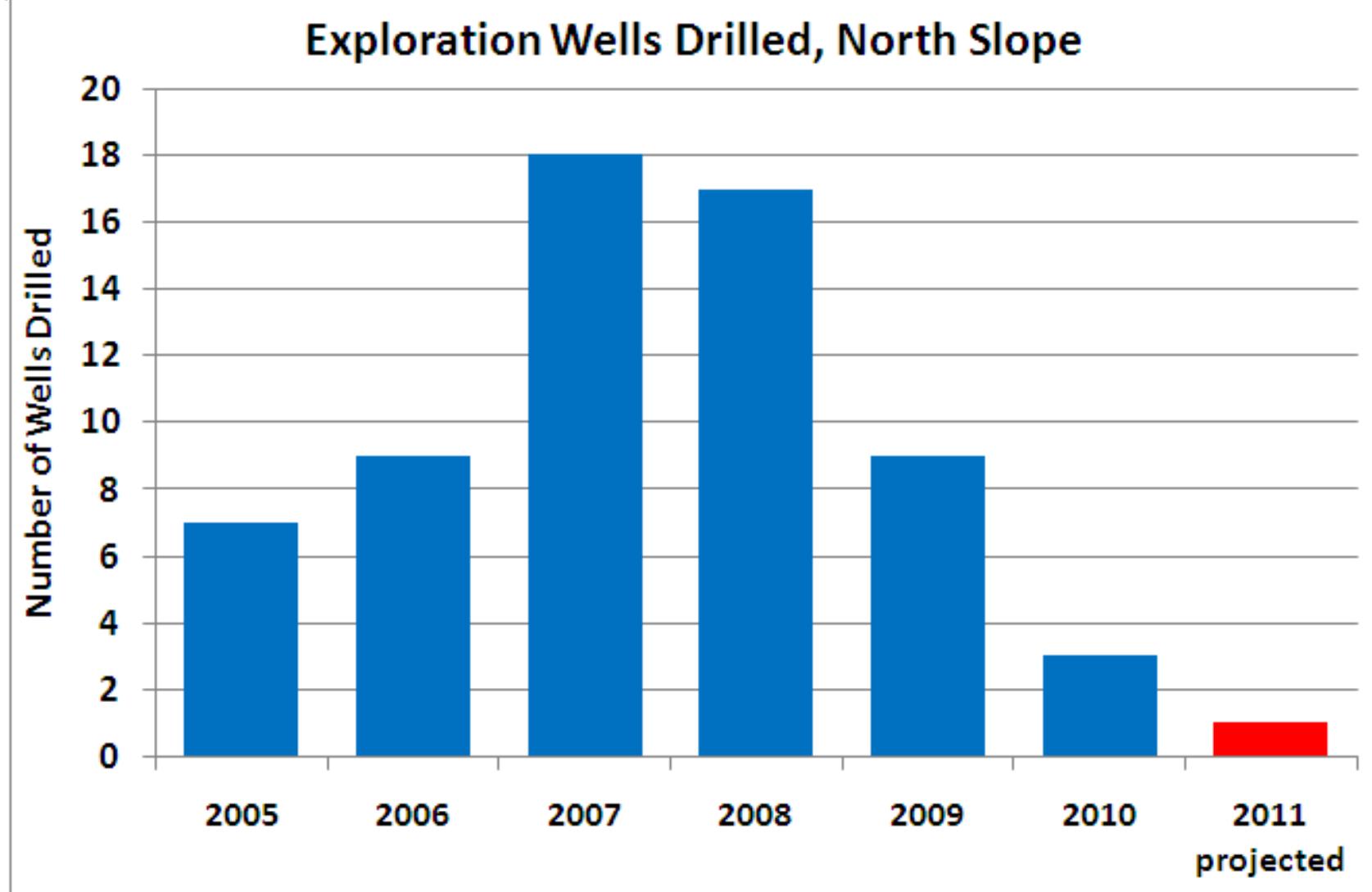
What We Know: Production Is Declining



Source: Oil & Gas Tax Status Report 2011, and Fall 2010 Revenue Sources Book



What We Know: Exploration is Declining



Source: Alaska Oil & Gas Conservation Commission and Alaska Department of Natural Resources



Conclusion

- **Cannot conclusively identify the ACES impact compared to all the other factors in recent years**
- **We know we have more revenue in the short term**
- **We know oil production keeps declining**
- **We know there is little exploration taking place**