

Fall 2024 Forecast Presentation

Senate Finance Committee

Department of Revenue

January 24, 2025



Agenda

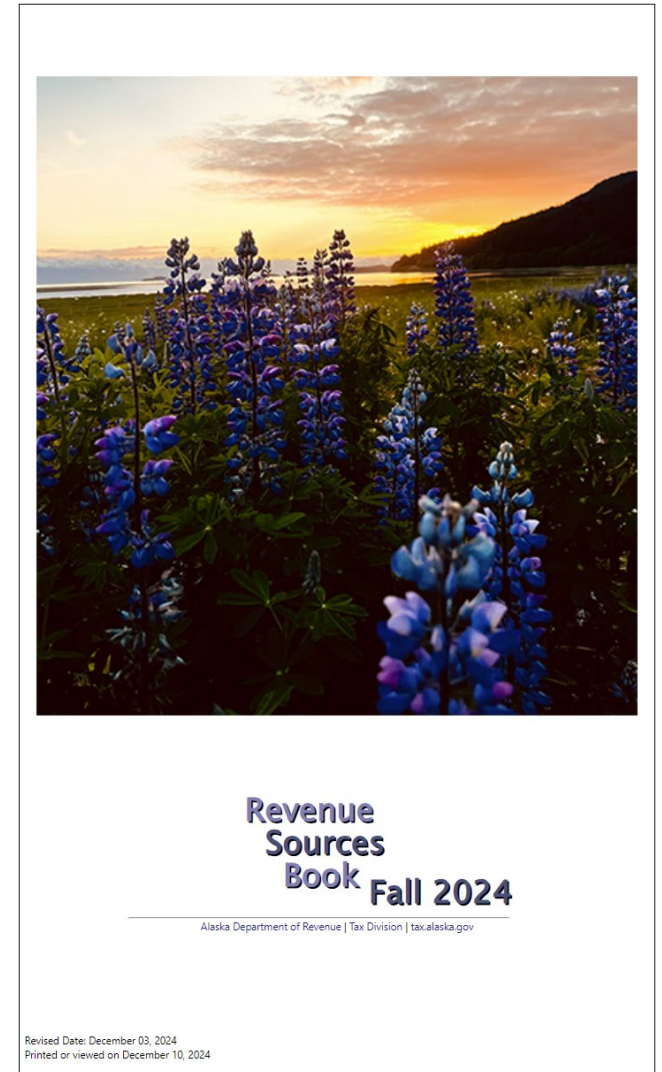
1. Forecast Background and Key Assumptions
2. Fall 2024 Revenue Forecast
 - Total State Revenue
 - Unrestricted Revenue
3. Petroleum Forecast Assumptions Detail
 - Oil Price
 - Oil Production
 - Oil and Gas Lease Expenditures
 - Oil and Gas Transportation Costs
 - Petroleum Revenue by Land Type



Forecast Background and Key Assumptions

Background: Fall Revenue Forecast

- Released December 12, 2024
- Historical, current, and estimated future state revenue
- Discussion and information about major sources of state revenue
- Official revenue forecast used for final budget process
- Located at tax.alaska.gov



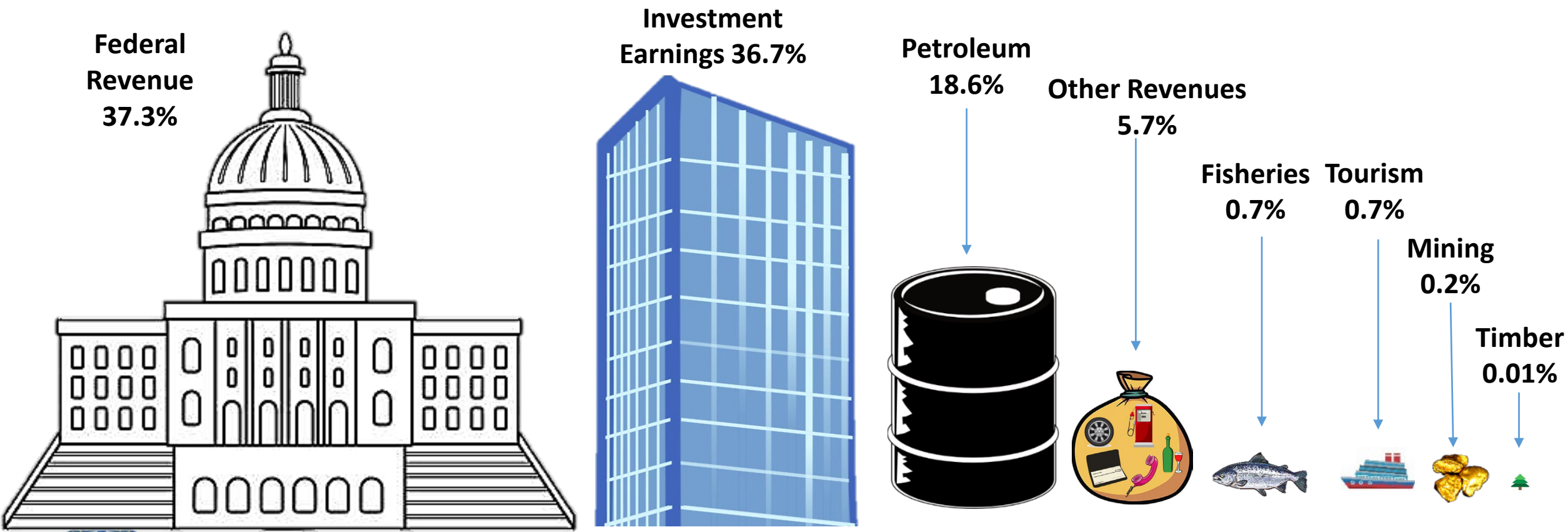
Fall Forecast Assumptions

- The economic impacts of financial and geopolitical events are uncertain; DOR has developed a plausible scenario to forecast these impacts.
- Key Assumptions:
 - Investments: Stable growth in investment markets, 7.90% for remainder of FY 2025 and 7.65% for FY 2026+.
 - Federal: The forecast incorporates stimulus funding as of December 1, 2024, includes updated estimates of potential IIJA funding. FY 2027+ assumed to grow with inflation.
 - Petroleum: Alaska North Slope oil price of \$73.86 per barrel for FY 2025 and \$70.00 per barrel for FY 2026.
 - Non-Petroleum: Continued economic growth. 1.6 million cruise passengers, five-year recovery for fisheries taxes, minerals prices based on futures markets.



Relative Contributions to Total State Revenue: FY 2024

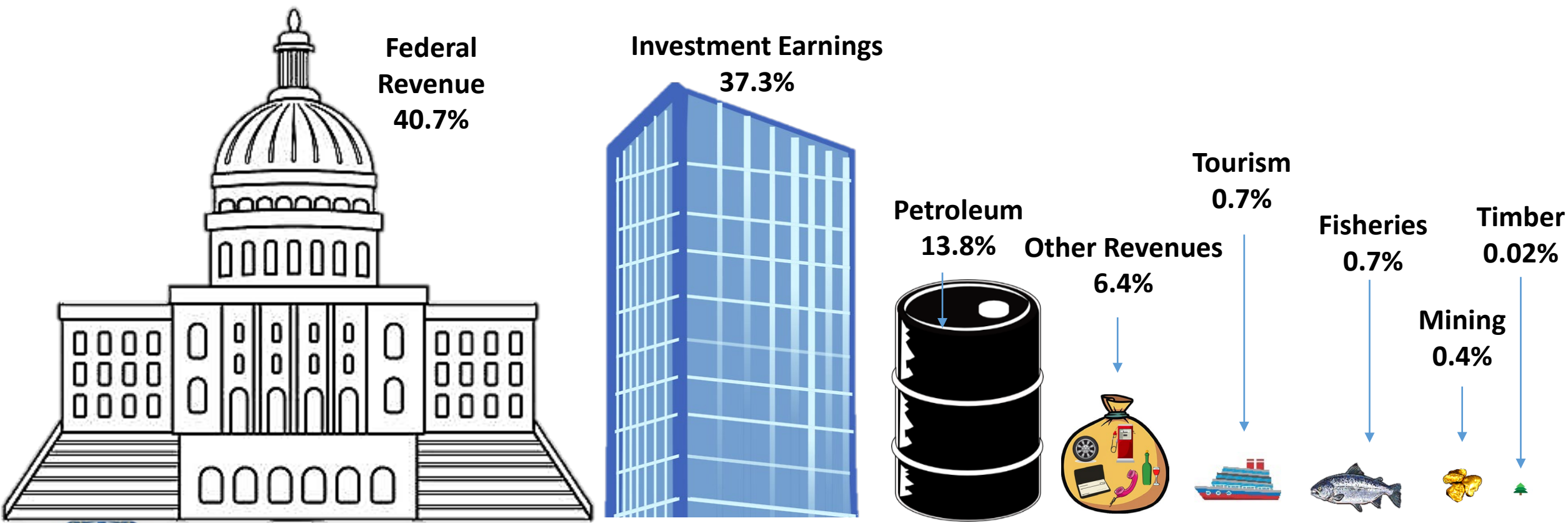
Total State Revenue: \$16.3 Billion



Disclaimer: Numbers may not add to 100% due to rounding. Examples may not be to scale.

Relative Contributions to Total State Revenue: FY 2025

Total State Revenue: \$16.8 Billion



Disclaimer: Numbers may not add to 100% due to rounding. Examples may not be to scale.

Fall 2024 Revenue Forecast

Unrestricted Revenue Forecast: FY 2024 and Changes to Two-Year Outlook

		History	Forecast	
		FY 2024	FY 2025	FY 2026
ANS Oil Price (Nominal \$/bbl)	Spring 2024 Forecast	\$84.08	\$78.00	\$74.00
	Fall 2024 Forecast	\$85.24	\$73.86	\$70.00
	Change	(\$1.17)	(\$4.14)	(\$4.00)
ANS Oil Price (Thousands of bbl/day)	Spring 2024 Forecast	467.6	476.8	482.0
	Fall 2024 Forecast	461.0	466.6	469.5
	Change	(6.5)	(10.2)	(12.6)
Permanent Fund Transfer (\$ millions)	Spring 2024 Forecast	3,526.0	3,657.2	3,790.0
	Fall 2024 Forecast	3,526.1	3,657.3	3,798.9
	Change	0.1	0.1	8.9
Unrestricted Revenue, including Permanent Fund Transfer (\$ millions)	Spring 2024 Forecast	6,543.9	6,448.5	6,430.4
	Fall 2024 Forecast	6,631.2	6,228.6	6,198.8
	Change	87.3	(219.9)	(231.6)



ANS = Alaska North Slope

Total Revenue Forecast: FY 2024 to FY 2026 Totals

\$ Millions	History	Forecast		Percent Change	
Revenue Type	FY 2024	FY 2025	FY 2026	FY24 - FY26	FY25 - FY26
Unrestricted General Fund					
Investment Revenue	3,674.1	3,795.2	3,886.7	5.8%	2.4%
Petroleum Revenue	2,469.8	1,849.1	1,724.8	-30.2%	-6.7%
Non-Petroleum Revenue	487.3	584.3	587.3	20.5%	0.5%
Subtotal	6,631.2	6,228.6	6,198.8	-6.5%	-0.5%
Designated General Fund					
Investment Revenue	218.1	193.0	169.0	-22.5%	-12.4%
Petroleum Revenue	109.9	71.9	76.5	-30.4%	6.4%
Non-Petroleum Revenue	486.3	503.1	505.2	3.9%	0.4%
Subtotal	814.3	768.0	750.7	-7.8%	-2.3%
Other Restricted Revenue					
Investment Revenue	2,101.5	2,286.4	2,250.1	7.1%	-1.6%
Petroleum Revenue	429.4	364.5	401.0	-6.6%	10.0%
Non-Petroleum Revenue	224.0	303.5	256.2	14.4%	-15.6%
Subtotal	2,754.9	2,954.5	2,907.3	5.5%	-1.6%
Federal Revenue					
Federal Receipts	6,083.5	6,854.7	5,773.3	-5.1%	-15.8%
Petroleum Revenue	31.0	30.8	27.8	-10.4%	-9.6%
Subtotal	6,114.5	6,885.5	5,801.1	-5.1%	-15.7%
Total State Revenue	16,314.9	16,836.5	15,657.9	-4.0%	-7.0%

Note: Petroleum revenue shown in the Federal category includes the state share of rents, royalties, and bonuses received from the National Petroleum Reserve-Alaska (NPR-A). Restricted Investment Revenue includes total realized and unrealized earnings from the Alaska Permanent Fund less the POMV transfer, Constitutional Budget Reserve Fund investment revenues, and Other Restricted Investments.



Unrestricted Revenue Forecast: FY 2024 to FY 2026 Totals

\$ Millions	History	Forecast	
Revenue Type	FY 2024	FY 2025	FY 2026
Unrestricted General Fund			
Investment Revenue	3,674.1	3,795.2	3,886.7
Petroleum Revenue	2,469.8	1,849.1	1,724.8
Non-Petroleum Revenue	487.3	584.3	587.3
Total Unrestricted General Fund	6,631.2	6,228.6	6,198.8



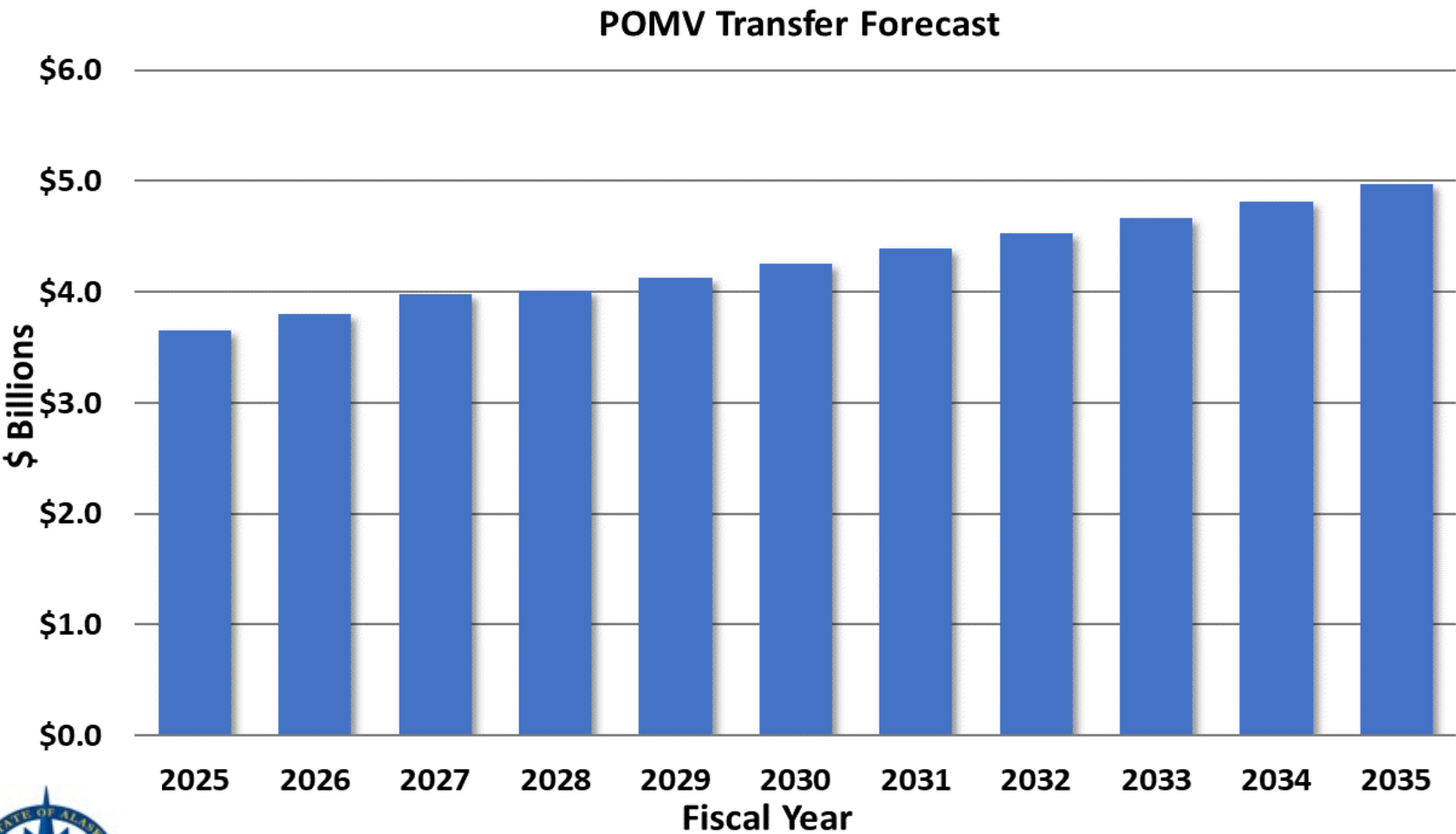
Unrestricted Investment Revenue: FY 2024 to FY 2026 Totals

\$ Millions	History	Forecast	
Unrestricted General Fund Revenue	FY 2024	FY 2025	FY 2026
Investment Revenue			
Permanent Fund ¹	3,526.1	3,657.3	3,798.9
Investments	148.0	137.9	87.8
Total Unrestricted Investment Revenue	3,674.1	3,795.2	3,886.7



¹ Percent of Market Value (POMV) Transfer

Unrestricted Investment Revenue: Percent of Market Value (POMV) Transfer Forecast



- Permanent Fund total return for FY 2024 of 7.90%
- \$79.0 billion fund value as of 10/31/24
- 7.90% return assumption for remainder of FY 2025
- Long-term total return expectation of 7.65% for FY 2026+
- 5.0% annual POMV transfer



Graph is presented in nominal dollars.

POMV = Percent of Market Value

Unrestricted Petroleum Revenue: FY 2024 to FY 2026 Totals

\$ Millions	History	Forecast	
Unrestricted General Fund Revenue	FY 2024	FY 2025	FY 2026
Taxes			
Oil and Gas Production Tax	974.6	563.1	441.1
Petroleum Corporate Income Tax	210.6	210.0	250.0
Petroleum Property Tax	130.8	133.7	135.6
Subtotal Taxes	1,316.0	906.9	826.7
Royalties			
Oil and Gas Royalties	1,145.6	932.2	888.1
Mineral Bonuses, Rents, and Interest	8.3	10.0	10.0
Subtotal Royalties	1,153.9	942.3	898.1
Total Unrestricted Petroleum Revenue	2,469.8	1,849.1	1,724.8



Unrestricted Non-Petroleum Revenue: FY 2024 to FY 2026 Totals

\$ Millions	History	Forecast	
Unrestricted General Fund Revenue	FY 2024	FY 2025	FY 2026
Taxes			
Charitable Gaming Taxes	2.9	3.0	3.0
Excise Taxes (alcohol, marijuana, tobacco, etc.)	59.0	58.5	56.9
Fisheries Taxes	18.8	19.5	20.2
Insurance Premium Tax	73.9	77.6	79.9
Large Passenger Vessel Gambling Tax	26.9	27.3	27.9
Mining License Tax	(1.0)	45.0	25.9
Non-Petroleum Corporate Income Tax	177.2	210.0	230.0
Subtotal Taxes	357.6	440.8	443.9
Other	129.7	143.5	143.4
Total Unrestricted Non-Petroleum Revenue	487.4	584.3	587.3



Other Taxes category includes Alcoholic Beverages Tax, Electric / Telephone Cooperative, Tire Fees, Charitable Gaming Tax, and Large Passenger Vessel Gambling Tax.

Other Unrestricted Non-Petroleum Revenue category includes Charges for Services, Fines & Forfeitures, Licenses & Permits, Rents & Royalties, and Miscellaneous Revenue & Transfers.

Petroleum Forecast Assumptions Detail

Petroleum Detail: Changes to Long-Term Price Forecast

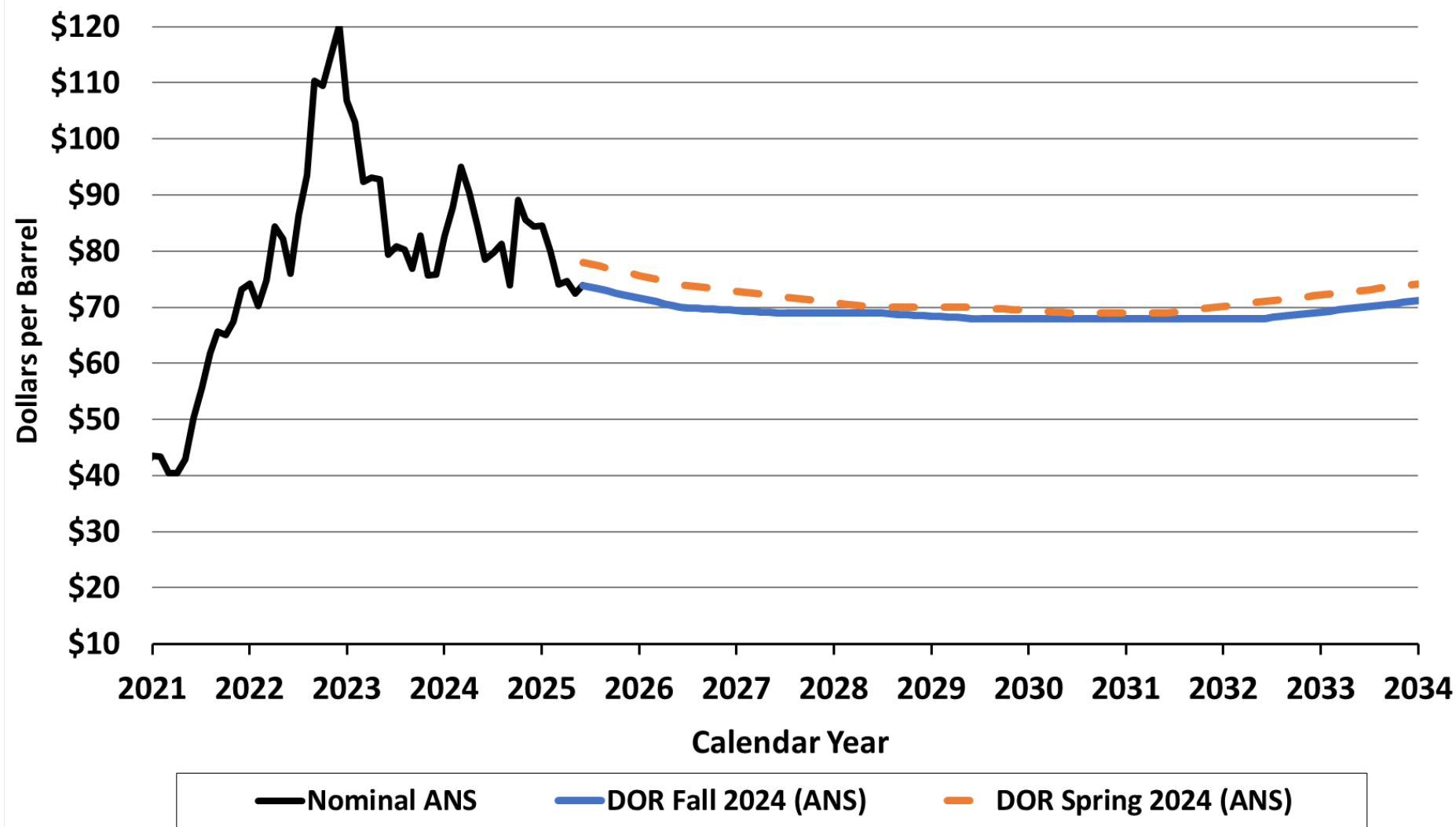
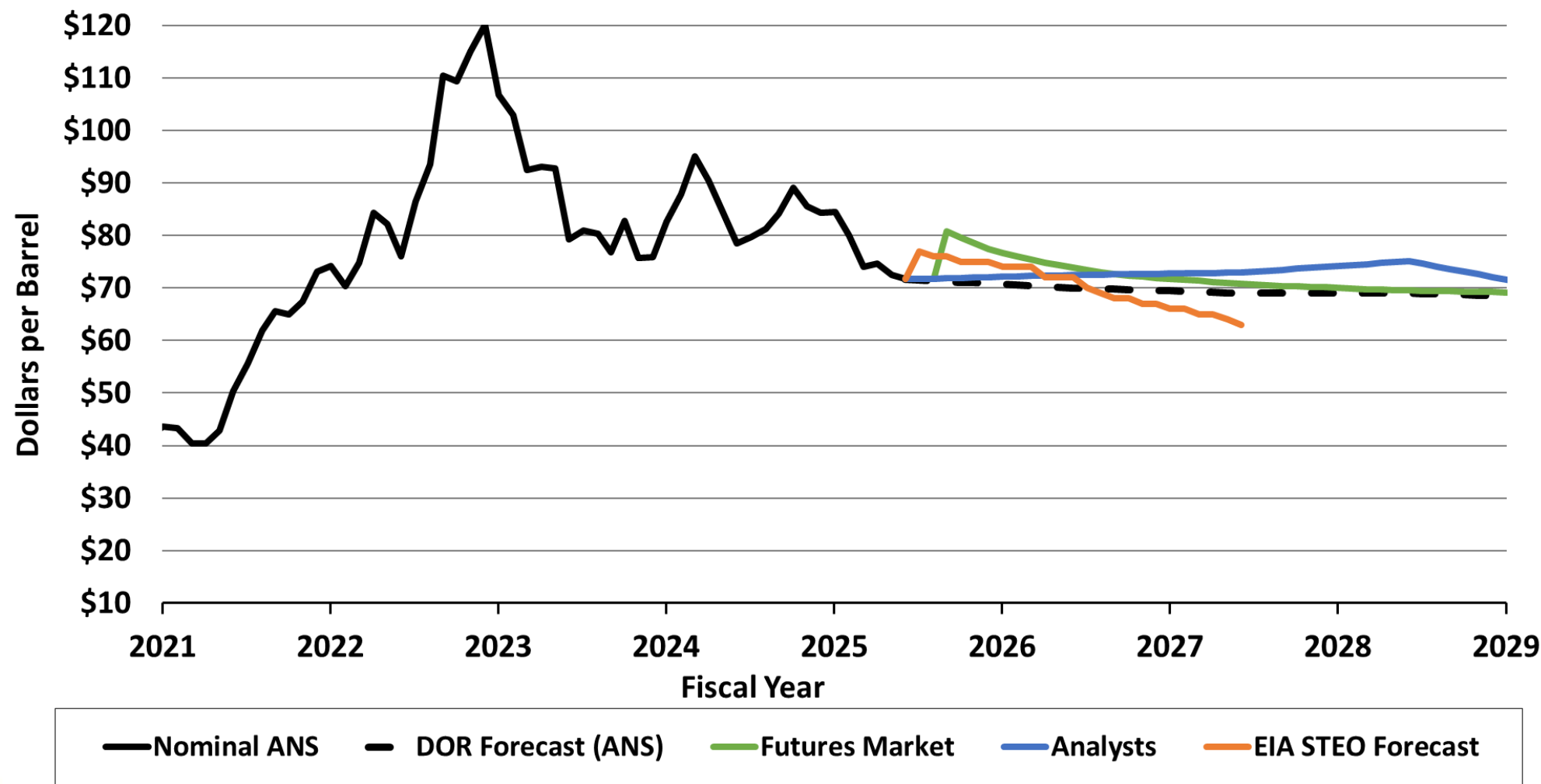


Chart shows monthly average prices.

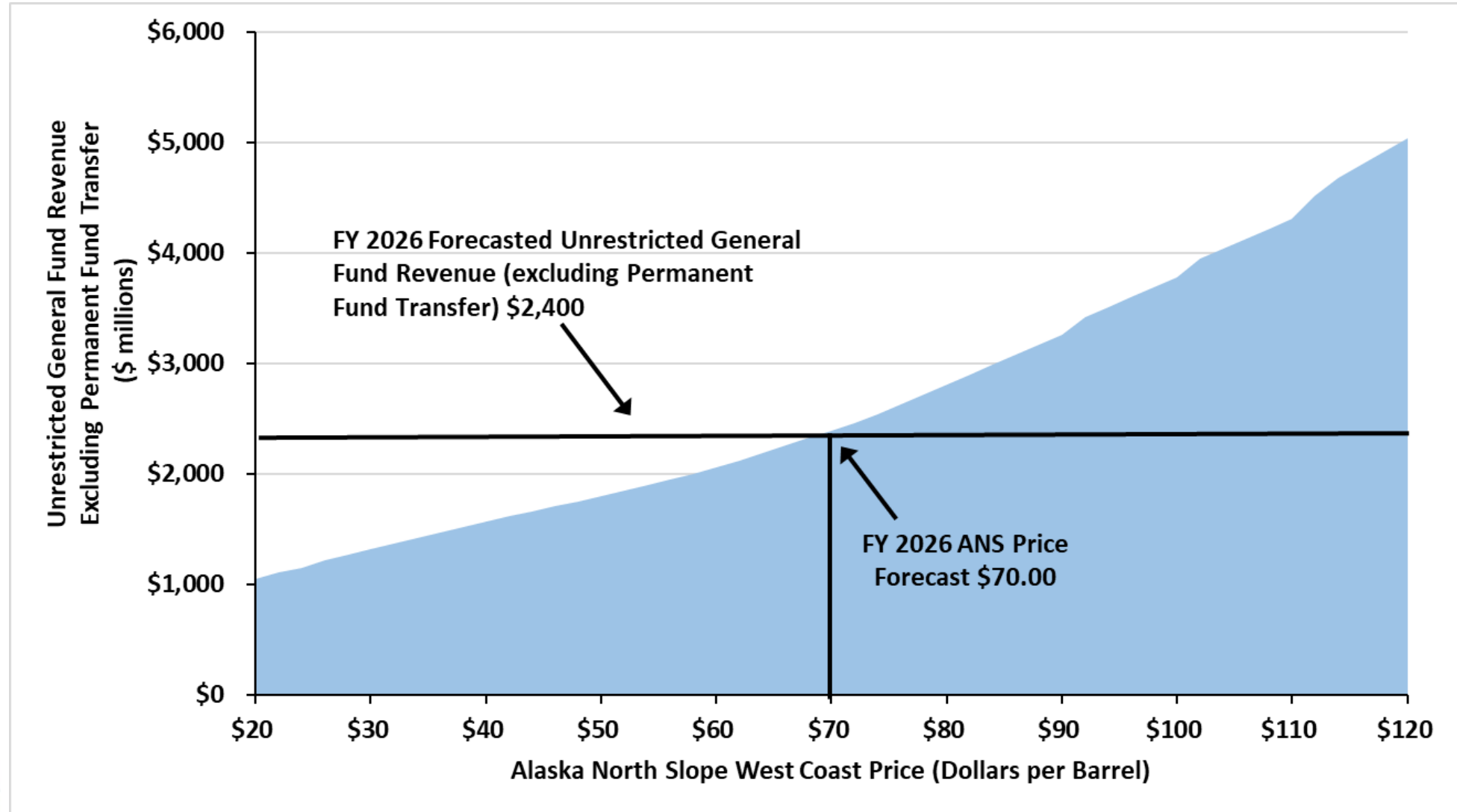
Source: DOR Fall 2024 Revenue Forecast

Petroleum Detail: Nominal Brent Forecasts Comparison as of January 21, 2025



Source: Analyst forecast is the median forecast of 10-38 firms from a Bloomberg survey as of January 21, 2025. Futures prices are from the Chicago Mercantile Exchange (CME) as of January 21, 2025. The U.S. Energy Information Administration (EIA) forecast is from their January 2025 Short-Term Energy Outlook (released January 14, 2025). Chart shows monthly average prices.

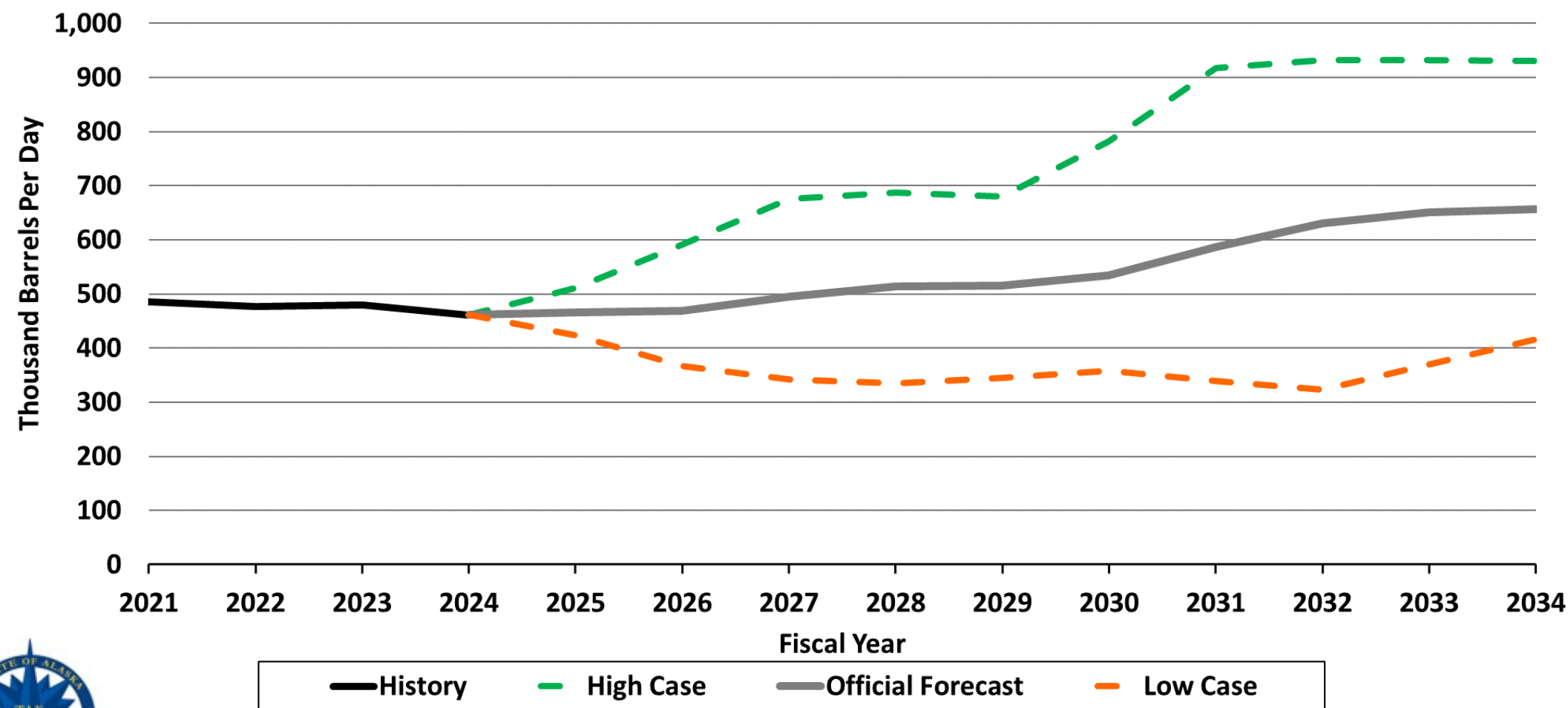
Petroleum Detail: UGF Relative to Price per Barrel (without POMV): FY 2026



Note: Assumes official forecasted North Slope production of 469,500 barrels per day. Near the forecasted ANS price, per Fall 2024 forecast, a \$1 increase or decrease in price leads to an approximately \$35 million change in UGF revenue.

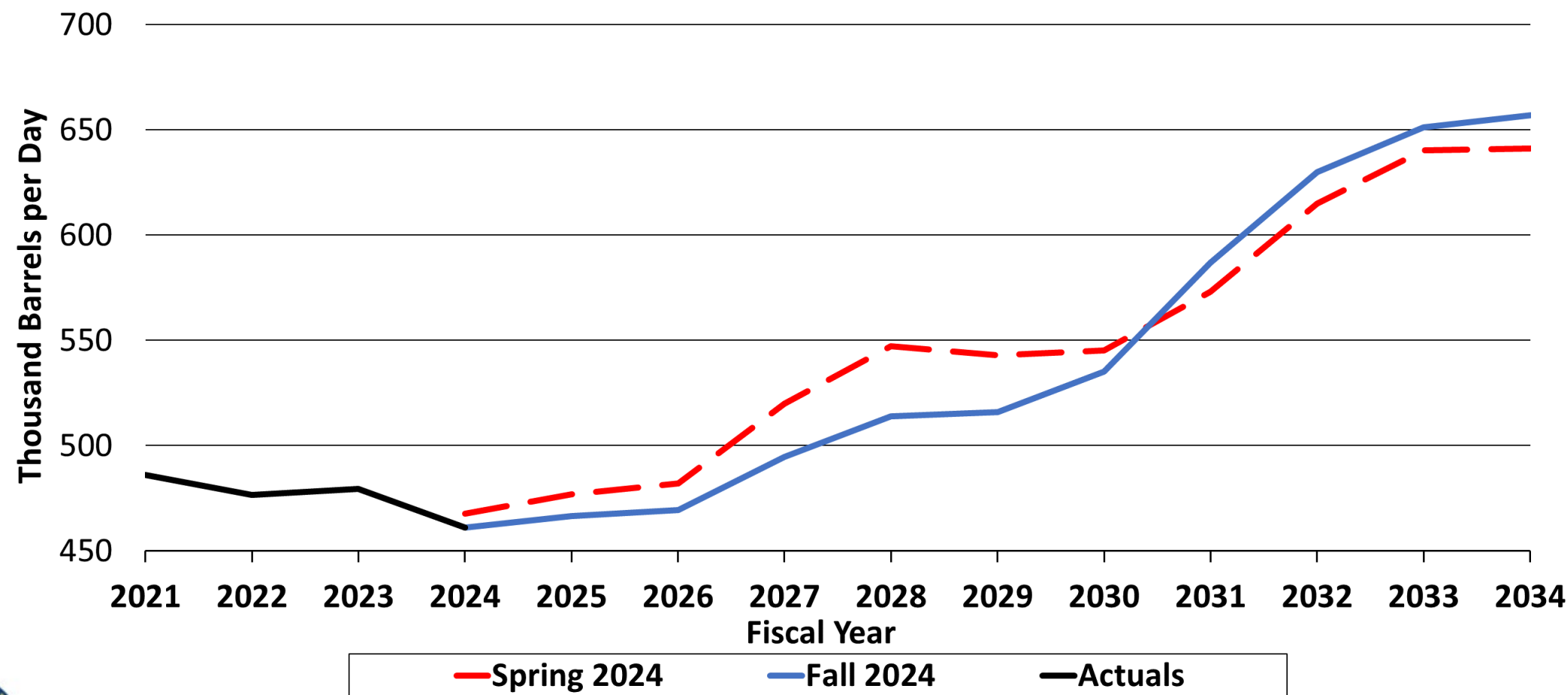


Petroleum Detail: North Slope Oil Production Forecast



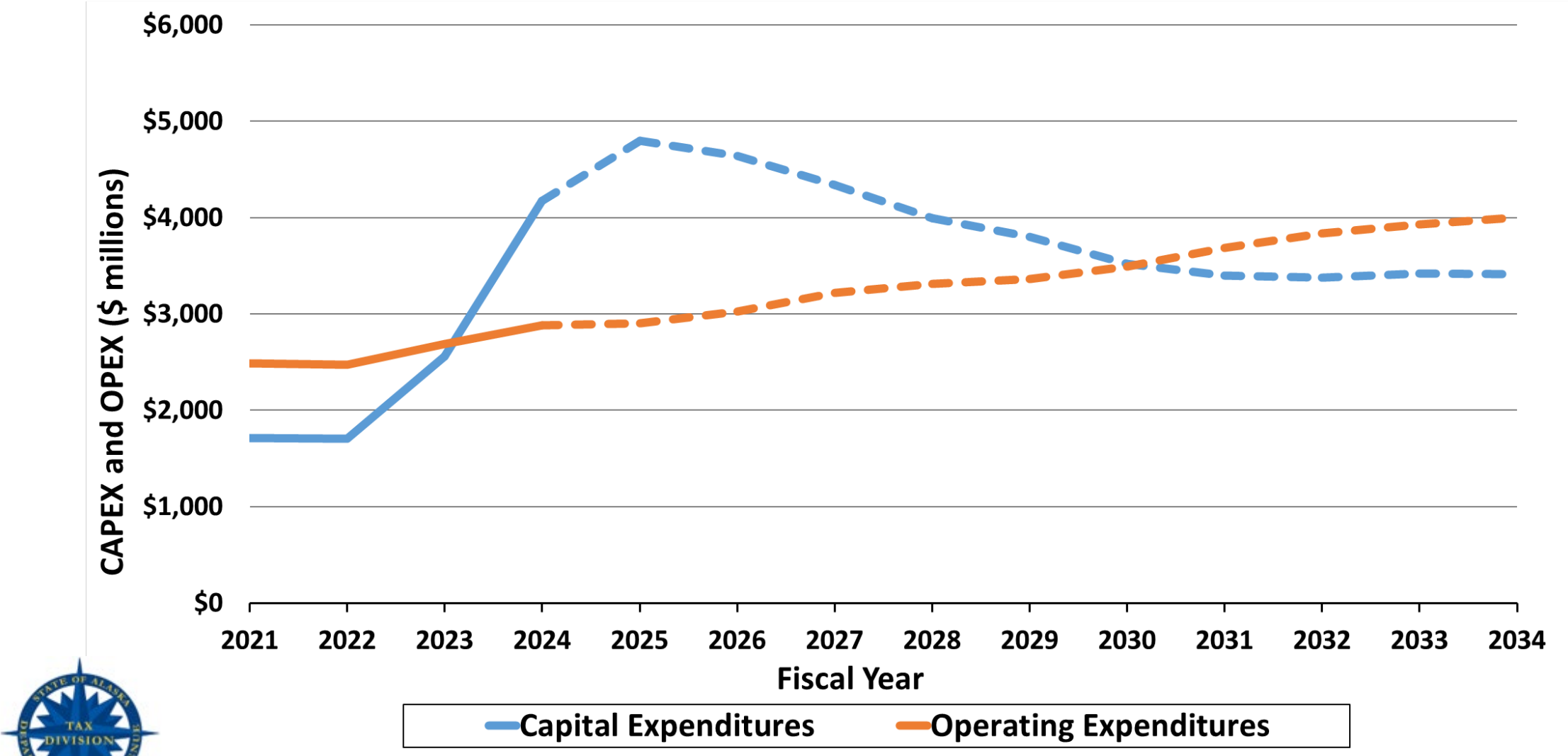
Note: The North Slope Oil Production Forecast chart depicts the annualized average production for North Slope oil.

Petroleum Detail: Changes to North Slope Oil Production Forecast

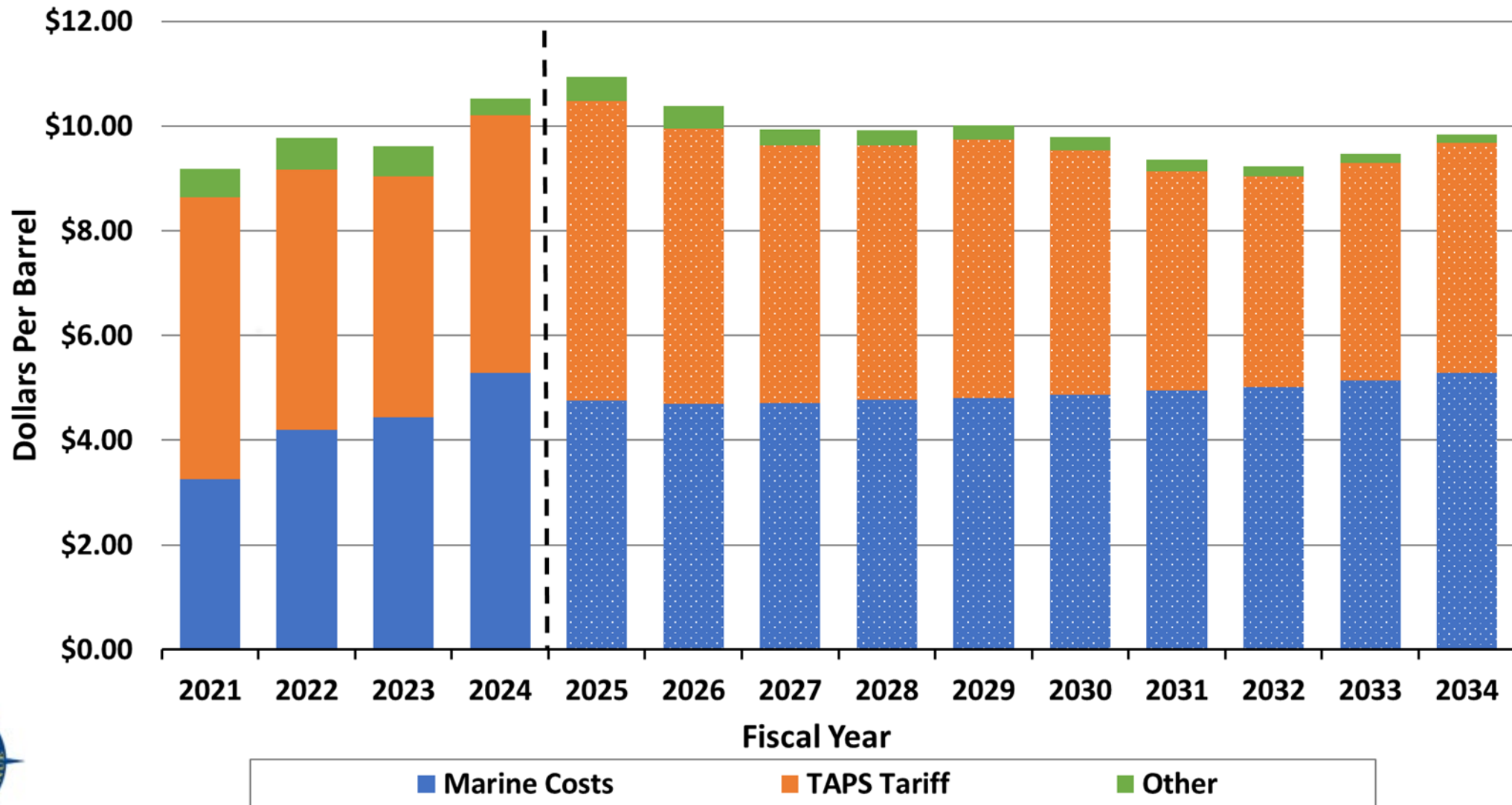


Source: The North Slope Oil Production Forecast chart depicts the annualized average production for North Slope oil.

Petroleum Detail: North Slope Allowable Lease Expenditures



Petroleum Detail: North Slope Transportation Costs



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



THANK YOU

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