



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Department of Revenue

COMMISSIONER'S OFFICE

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February 13, 2023

The Honorable Bryce Edgmon
House Finance Committee, Co-Chair
Alaska State Legislature
State Capitol, Room 410
Juneau, AK 99801

The Honorable Neal Foster
House Finance Committee, Co-Chair
Alaska State Legislature
State Capitol, Room 511
Juneau, AK 99801

The Honorable DeLena Johnson
House Finance Committee, Co-Chair
Alaska State Legislature
State Capitol, Rooms 505
Juneau, AK 99801

Dear Co-Chairs Edgmon, Foster, and Johnson;

Thank you for allowing us the opportunity to address a question that was raised during the Order of Operations – Alaska's Oil Tax Regime presentation to the House Finance Committee on February 9, 2023. Please find below the question and corresponding response.

- 1. Provide information on the calculation of estimated government take each year from petroleum revenue, similar to that provided to the Senate Finance Committee.**

The following table provides total revenue to the state from FY 2021 through FY 2025 from all petroleum revenue sources, and also adds information about total municipal oil and gas property tax revenue. It should be noted, DOR does not explicitly forecast municipal property tax revenues. The forecasted revenues provided in the table below are based on the Fall 2022 forecast for state property tax as well as company spending, assuming there will be no changes to the current municipal tax rates.

	History		Current Year	Forecast	
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
ANS oil price (\$/bbl)	\$54.14	\$91.41	\$88.45	\$81.00	\$77.00
ANS production (ths bbl/ day)	486.1	476.5	491.7	503.7	503.3
State Property Tax	\$ 119.2	\$ 122.4	\$ 116.3	\$ 114.0	\$ 112.0
State Corporate Income Tax	(19.4)	297.5	390.0	320.0	285.0
Production Tax	388.9	1,809.3	1,618.4	1,236.9	1,019.7
Royalties	1,066.5	1,807.3	1,810.6	1,706.8	1,639.3
CBRF Settlements	35.0	21.1	145.0	20.0	20.0
NPR-A Shared revenue	15.8	16.7	32.1	52.3	66.5
Total State Revenue	\$ 1,606.1	\$ 4,074.3	\$ 4,112.4	\$ 3,450.1	\$ 3,142.4
Municipal Property Tax	443.5	448.5	433.2	434.5	435.8
Total State + Municipal Revenue	\$ 2,049.6	\$ 4,522.8	\$ 4,545.6	\$ 3,884.6	\$ 3,578.2

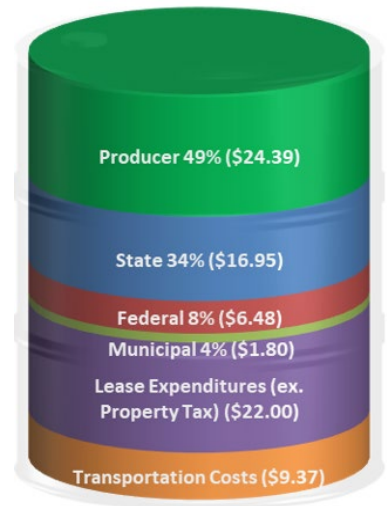
Revenue amounts in \$ Millions.

Note: Numbers may not add exactly due to rounding.

The table and barrel chart below provide a snapshot illustration of distribution of cash flows for FY 2024 from a typical barrel of North Slope oil (that does not qualify for the Gross Value Reduction (GVR) provisions). The figures shown are based on the Fall 2022 forecast for FY 2024, assuming a 12.5% royalty rate, an effective state corporate income tax rate of 4.25% of production tax value less production tax, and a 21% marginal federal income tax rate.

Distribution of Income per Barrel	FY 2024 Forecasted ANS Price \$81.00	
Income		
State Take	\$ 16.95	34.2%
Municipal Take	\$ 1.80	3.6%
Federal Take	\$ 6.48	13.1%
Producer Take	\$ 24.39	49.2%
Total Income	\$ 49.63	100.0%

Note: Revenue calculations are based on the assumptions of 12.5% royalty rate, 4.25% state corporate income tax, and 21% federal corporate income tax.



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

Sincerely,

Adam Crum
Commissioner