Bill Provisions - Oil and Gas Production Tax

- New permanent fee of $0.15 per taxable barrel produced in state, effective from FY 2027
  - Modeled off existing hazardous release surcharge
  - Revenue designated to Pipeline Infrastructure fund
  - Intended to provide a sustainable funding source in direct support of industry

FY = Fiscal Year

Fiscal Note – Revenues: Oil and Gas Production Tax

- Temporary increase to 6% minimum tax floor: $147 million in first full year (FY 2028) up to $171 million in FY 2031
  - Assumed to apply CY 2027 – 2031, could revert early
  - Unrestricted General Fund revenue
- Infrastructure Fee: 15 cents per taxable oil barrel statewide starting FY 2027
  - ~$25 million/ year, will increase in later years with production
  - Designated General Fund revenue – proceeds intended for new Pipeline Corridor Maintenance Fund

CY = Calendar Year, FY = Fiscal Year

Fiscal Analysis: Takeaways

- Alaska is a high-cost jurisdiction so there is a limited amount of "profit" to share between stakeholders
- At forecast price…
    - State CIT adds about 30 cents per barrel to government take or about 1.6% of total distributable income
    - Raising minimum tax floor adds about 69 cents per barrel to government take or about 3.6% of total distributable income
    - Infrastructure fee adds about 10 cents per barrel to government take or about 0.5% of total distributable income
- Each company and field has unique economics, so this simple analysis should be taken in context
- Impacts on individual companies may be more or less than estimated here