



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

## Department of Revenue

### TAX DIVISION

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March 22, 2021

The Honorable Neal Foster  
Alaska State Representative  
Co-Chair, House Finance Committee  
State Capitol Room 505  
Juneau, AK 99801

The Honorable Kelly Merrick  
Alaska State Representative  
Co-Chair, House Finance Committee  
State Capitol Rooms 511  
Juneau, AK 99801

Dear Co-Chairs Foster and Merrick,

The purpose of this letter is to provide you with a response to a question asked of the Department of Revenue (DOR) during the Spring 2021 forecast presentation to the House Finance Committee on March 16, 2021. Please see the question in italics and our response immediately below the question.

- 1. Provide more information about the number of companies involved in the oil and gas support industry, and indirect economic activity created by large capital purchases and investments by oil and gas corporations.***

Oil and gas company spending is a major economic driver in the Alaska economy. Following are some details reported by the Alaska Oil and Gas Association:

- Primary companies (producers) spent \$4.4 billion with 1,000 Alaska vendors in 2018.
- Oil and gas industry spending in Alaska accounted for 41,800 jobs, including:
  - 5,800 Alaska resident jobs in the oil and gas support services sector.
  - 31,900 indirect and induced jobs in other private and public sectors.
- For every primary company job in Alaska there are 8 more jobs supported by primary company activity in the state.
- For each dollar earned by primary company employees, a total of \$4 in additional indirect and induced wages is generated.

The source of this data is the Alaska Oil and Gas Association Economic Impact Report, prepared by the McDowell Group and released in January 2020. The report can be found online at:

<https://www.aoga.org/wp-content/uploads/2021/01/Reports-2020.1.23-Economic-Impact-Report-McDowell-Group-CORRECTED-2020.12.3.pdf>.

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

Sincerely,

DocuSigned by:  
  
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Colleen Glover  
Tax Division Director