



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

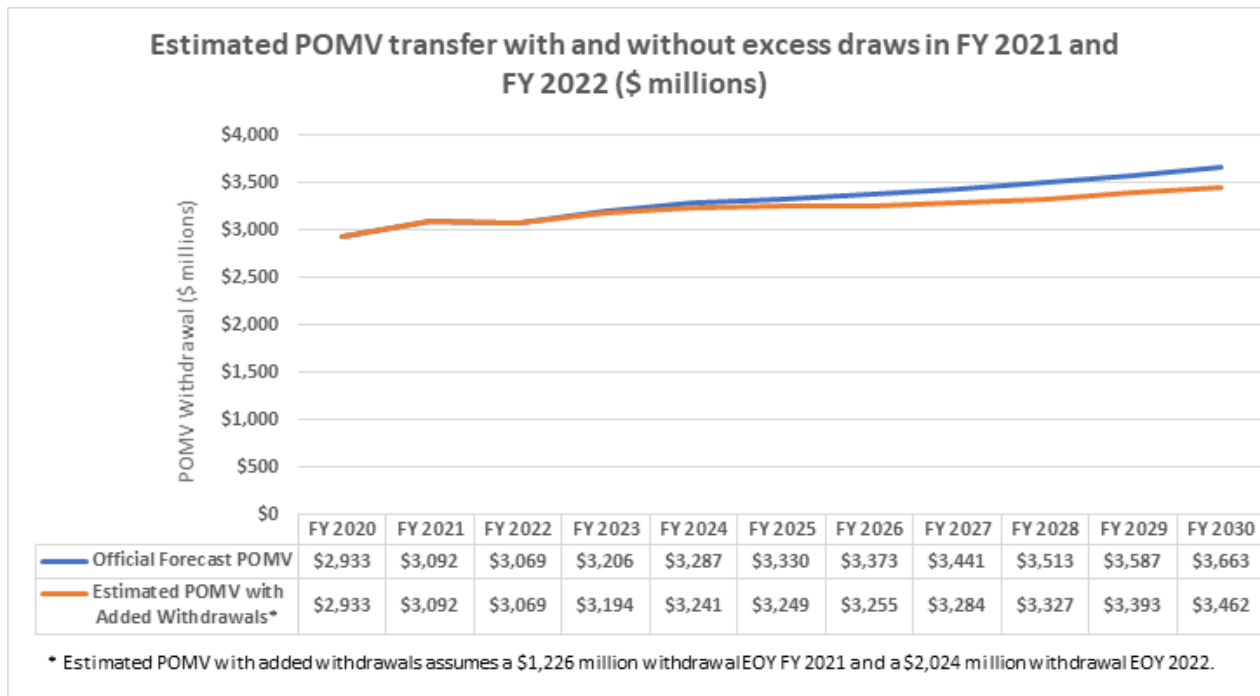
Dear Co-Chairs Foster and Merrick,

The purpose of this letter is to provide you a response to the questions asked of the Department of Revenue (DOR) regarding the Fall 2020 forecast presentation to the House Finance Committee on February 22, 2021. Please see the questions in italics and our responses immediately below the questions.

- 1. Provide an alternate version of the POMV transfer forecast figure on Slide 13 which shows a scenario in which the POMV draw is increased above the 5% statutory amount in order to pay the Governor's proposed PFD amounts.***

The following figure shows the estimated Percent of Market Value (POMV) transfer from the Permanent Fund to the General Fund for FY 2020 - FY 2030, under the current statutory formula and with excess draws in FY 2021 and FY 2022. This analysis is based on the Fall 2020 forecast which assumes a transfer of 5.25% of value for FY 2020 and FY 2021 and a transfer of 5.0% of value for FY 2022 and beyond.

For the excess draw analysis, withdrawals from the Permanent Fund beyond the POMV of approximately \$1.2 billion for FY 2021, and approximately \$2.0 billion for FY 2022 are assumed, with all other assumptions per the Fall 2020 forecast.



**2. Provide a breakdown of the \$50 billion Alaska state GDP number on Slide 5. What percent of that is attributable to oil? How has that changed from 2009 to 2012 to now?**

The below table provides a full breakdown of the Bureau of Economic Analysis (BEA)'s state Gross Domestic Product (GDP) data for Alaska for Q3 2020, the most recent data available from the BEA as of early March 2021. The amounts shown are annualized data in "real" terms (excluding inflation) in millions of 2012 dollars.

BEA's quarterly data does not break out "oil and gas extraction," but combines it with "mining and quarrying". For Q3 2020, this industry category contributed an estimated \$11.3 billion, or approximately 22% of the \$50 billion annualized state GDP estimate.

The source data may be found at this link: [BEA GDP and Personal Income Data](#).

<b>Alaska Annualized GDP in Q3 2020 by Industry (\$ millions)</b>		
<b>Description</b>	<b>2020:Q3</b>	<b>Industry % of Total</b>
All industry total	50,890.9	
<b>Private industries</b>	<b>41,100.9</b>	<b>81%</b>
Agriculture, forestry, fishing and hunting	331.2	1%
Mining, quarrying, and oil and gas extraction	11,269.9	22%
Utilities	792.8	2%
Construction	1,528.6	3%
Manufacturing	1,955.0	4%
Durable goods manufacturing	212.9	0%
Nondurable goods manufacturing	1,756.1	3%
Wholesale trade	1,273.2	3%
Retail trade	2,221.6	4%
Transportation and warehousing	5,414.8	11%
Information	1,245.7	2%
Finance and insurance	1,019.6	2%
Real estate and rental and leasing	4,605.1	9%
Professional, scientific, and technical services	1,699.8	3%
Management of companies and enterprises	376.7	1%
Administrative and support and waste management and remediation services	886.7	2%
Educational services	144.3	0%
Health care and social assistance	3,816.1	7%
Arts, entertainment, and recreation	153.5	0%
Accommodation and food services	938.6	2%
Other services (except government and government enterprises)	662.4	1%
<b>Government and government enterprises</b>	<b>9,660.4</b>	<b>19%</b>
Federal civilian	2,070.3	4%
Military	2,103.6	4%
State and local	5,493.0	11%

Source: Bureau of Economic Analysis,

<https://apps.bea.gov/itable/itable.cfm?ReqID=70&step=1#reqid=70&step=1&isuri=1>

Annual BEA data does break out the oil and gas extraction contribution to state GDP. The following table shows annual state GDP data from Federal Reserve Economic Data (FRED), with a specific breakout for “Oil and Gas Extraction.” These numbers are also shown in millions of 2012 dollars, consistent with the quarterly data above.

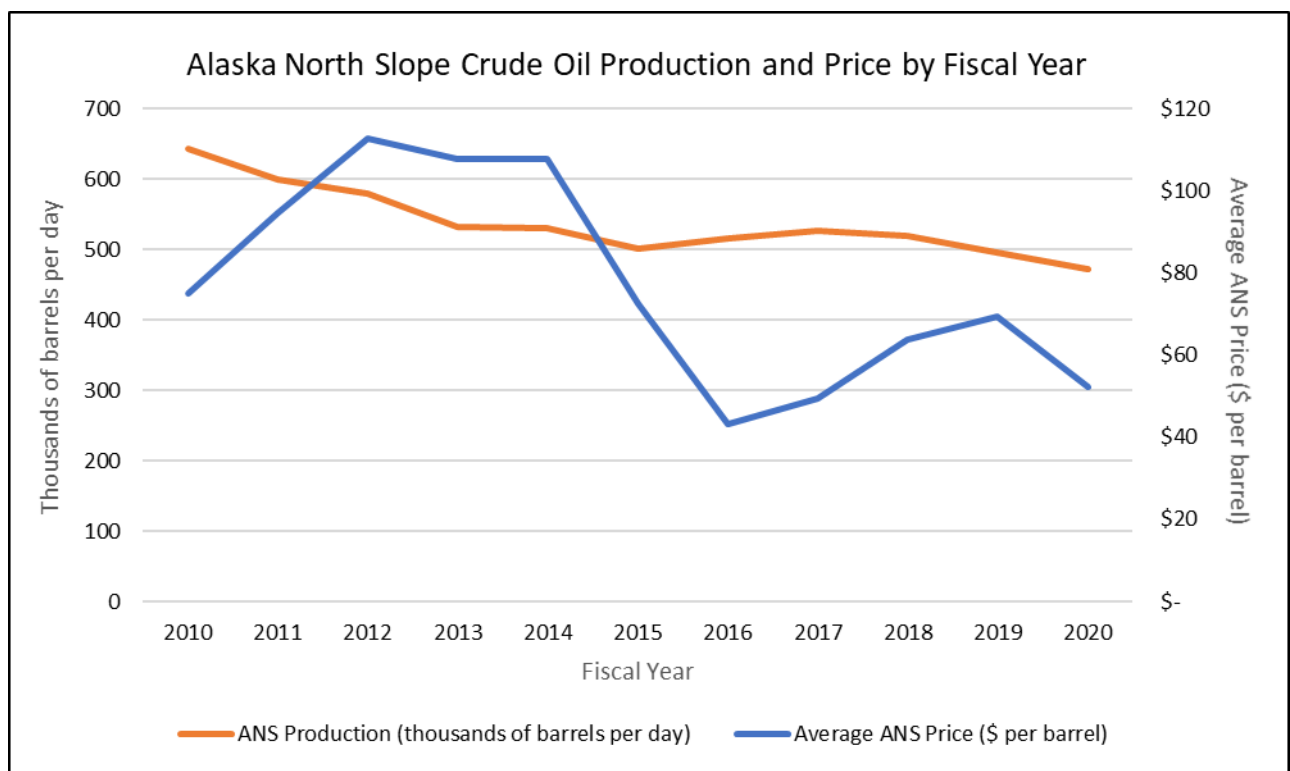
Alaska Oil and Gas GDP as Percent of Total Alaska GDP			
Year	AK Real GDP from Oil and Gas Extraction (\$ millions)	AK Real GDP (\$ millions)	% AK Real GDP from Oil and Gas
2009	15,035.7	55,910.6	27%
2010	11,450.2	54,219.0	21%
2011	11,725.6	54,722.6	21%
2012	14,389.5	57,717.5	25%
2013	11,710.2	54,748.1	21%
2014	10,080.9	53,480.6	19%
2015	11,109.5	54,015.3	21%
2016	11,446.2	53,289.0	21%
2017	10,976.2	52,825.9	21%
2018	9,814.7	52,928.7	19%
2019	10,221.8	53,255.2	19%

Source: Federal Reserve Economic Data,  
<https://fred.stlouisfed.org/series/AKOILGASRGSP#0>

The source data may be found at this link: [Real Gross Domestic Product by Industry: Private Industries: Mining: Oil and Gas Extraction for Alaska \(AKOILGASRGSP\) | FRED | St. Louis Fed](#)

**3. Provide a figure showing Alaska North Slope (ANS) production and ANS price for the past 10 years.**

Below please find a graph showing ANS price and production from FY 2010 – FY 2020.



**4. Provide a breakout of the \$21.8 billion of Q3 2020 salaries and wages. What portion of that is attributable to real estate, and other key industries? Provide a link to source data as well.**

Please see the following table for a full breakdown of the BEA's Wages and Salaries data presented on Slide 5 of DOR's presentation. This data is not adjusted for inflation, and is adjusted by the BEA to account for seasonality. The BEA data show that the "Real estate and rental and leasing" industry was estimated to account for approximately 1.1% of the total of wages and salaries for Q3 2020. The source data may be found at this link: [BEA GDP and Personal Income Data](https://apps.bea.gov/iTable/iTable.cfm?acrdn=2&reqid=70&step=1).

<b>Alaska Wages and Salaries by Industry in Q3 2020 (\$ millions)</b>		
<b>Description</b>	<b>2020:Q3</b>	<b>Industry % of Total</b>
Wages and salaries by place of work (millions of dollars, seasonally adjusted)	21,878.8	
Farm wages and salaries	20.1	0.1%
Nonfarm wages and salaries	21,858.7	99.9%
<b>Private nonfarm wages and salaries</b>	<b>15,330.8</b>	<b>70.1%</b>
Forestry, fishing, and related activities	51.9	0.2%
Mining, quarrying, and oil and gas extraction	1,953.0	8.9%
Utilities	233.4	1.1%
Construction	1,314.0	6.0%
Manufacturing	765.1	3.5%
Durable goods manufacturing	123.5	0.6%
Nondurable goods manufacturing	641.6	2.9%
Wholesale trade	405.7	1.9%
Retail trade	1,344.6	6.1%
Transportation and warehousing	1,629.0	7.4%
Information	369.1	1.7%
Finance and insurance	589.5	2.7%
<b>Real estate and rental and leasing</b>	<b>234.1</b>	<b>1.1%</b>
Professional, scientific, and technical services	1,007.5	4.6%
Management of companies and enterprises	287.8	1.3%
Administrative and support and waste management and remediation services	602.3	2.8%
Educational services	109.1	0.5%
Health care and social assistance	2,994.5	13.7%
Arts, entertainment, and recreation	90.9	0.4%
Accommodation and food services	748.8	3.4%
Other services (except government and government enterprises)	600.5	2.7%
<b>Government and government enterprises</b>	<b>6,527.9</b>	<b>29.8%</b>
Federal civilian	1,301.2	5.9%
Military	1,469.4	6.7%
State and local	3,757.3	17.2%

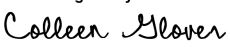
Note: Amounts shown in millions of dollars, seasonally adjusted at annual rates. All dollar estimates are in current dollars (not adjusted for inflation).

Source: Bureau of Economic Analysis,

<https://apps.bea.gov/iTable/iTable.cfm?acrdn=2&reqid=70&step=1>

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