



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

## Department of Revenue

### TAX DIVISION

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April 12, 2022

The Honorable Click Bishop  
Alaska State Senator  
Co-Chair, Senate Finance Committee  
State Capitol Rooms 516  
Juneau, AK 99801

The Honorable Bert Stedman  
Alaska State Senator  
Co-Chair, Senate Finance Committee  
State Capitol Rooms 518  
Juneau, AK 99801

Dear Co-Chairs Bishop and Stedman,

The purpose of this letter is to provide you with a response to the question asked of the Department of Revenue (DOR) regarding the Cook Inlet Update presentation given to the Senate Finance Committee on March 18, 2022.

- 1. Provide a data set showing historical and forecast annual oil and gas revenue by sources from Non-North Slope for FY 2007 to FY 2025. Additionally, include data for tax credits that were purchased by the state or used against tax liability, so that one could see the "net" fiscal impact to the state from Non-North Slope activity each year.***

The table below provides estimated historical oil and gas revenue and tax credits from Non-North Slope for FY 2007 to FY 2021, plus the Spring 2022 forecast values for FY 2022 to FY 2025. To prepare this analysis, several assumptions were required, in particular for estimating Corporate Income Tax (CIT) and Oil and Gas Production Tax for companies operating in multiple areas of state. As part of this detailed analysis, minor revisions were made to select data originally presented on March 18, 2022.

Non-North Slope Oil and Gas Revenue, FY 2007- FY 2016 (\$ million)										
	History	History	History	History	History	History	History	History	History	History
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Property Tax	\$ 7	\$ 7	\$ 8	\$ 10	\$ 8	\$ 10	\$ 11	\$ 13	\$ 15	\$ 16
Corporate Income Tax	\$ 79	\$ 71	\$ 61	\$ 26	\$ 39	\$ 50	\$ 24	\$ 8	\$ 22	\$ 15
Production Tax	\$ 5	\$ 3	\$ 1	\$ 2	\$ 2	\$ 1	\$ 1	\$ 1	\$ 2	\$ 2
Royalties	\$ 88	\$ 96	\$ 81	\$ 81	\$ 92	\$ 83	\$ 70	\$ 87	\$ 75	\$ 50
<b>Total</b>	<b>\$ 179</b>	<b>\$ 177</b>	<b>\$ 151</b>	<b>\$ 119</b>	<b>\$ 141</b>	<b>\$ 144</b>	<b>\$ 107</b>	<b>\$ 109</b>	<b>\$ 113</b>	<b>\$ 84</b>

Non-North Slope Production Tax Credits, FY 2007 - FY 2016 (\$ million)										
	History	History	History	History	History	History	History	History	History	History
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Applied Against Liability	\$ 16	\$ 10	\$ 6	\$ 10	\$ 17	\$ 16	\$ 14	\$ 12	\$ 10	\$ 5
Purchased by State	\$ -	\$ 1	\$ 7	\$ 4	\$ 39	\$ 33	\$ 108	\$ 312	\$ 404	\$ 287
<b>Total</b>	<b>\$ 16</b>	<b>\$ 11</b>	<b>\$ 13</b>	<b>\$ 14</b>	<b>\$ 56</b>	<b>\$ 49</b>	<b>\$ 122</b>	<b>\$ 324</b>	<b>\$ 414</b>	<b>\$ 292</b>

Non-North Slope Oil and Gas Revenue, FY 2017- FY 2025 (\$ million)									
	History	History	History	History	History	Current Year	Forecast	Forecast	Forecast
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Property Tax	\$ 16	\$ 16	\$ 16	\$ 16	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15
Corporate Income Tax	\$ 4	\$ 1	\$ 2	\$ (1)	\$ 4	\$ (0)	\$ 3	\$ 5	\$ 1
Production Tax	\$ 2	\$ 1	\$ 1	\$ 1	\$ 1	\$ 3	\$ 7	\$ 7	\$ 8
Royalties	\$ 51	\$ 61	\$ 62	\$ 49	\$ 46	\$ 58	\$ 59	\$ 58	\$ 59
<b>Total</b>	<b>\$ 73</b>	<b>\$ 79</b>	<b>\$ 82</b>	<b>\$ 64</b>	<b>\$ 65</b>	<b>\$ 76</b>	<b>\$ 83</b>	<b>\$ 85</b>	<b>\$ 82</b>

Non-North Slope Production Tax Credits, FY 2017 - FY 2025 (\$ million)									
	History	History	History	History	History	Current Year	Forecast	Forecast	Forecast
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Applied Against Liability	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 8	\$ 3	\$ 3	\$ 3
Purchased by State	\$ 30	\$ 27	\$ 32	\$ 1	\$ -	\$ 18	\$ 132	\$ 111	\$ -
<b>Total</b>	<b>\$ 31</b>	<b>\$ 28</b>	<b>\$ 33</b>	<b>\$ 2</b>	<b>\$ 1</b>	<b>\$ 26</b>	<b>\$ 135</b>	<b>\$ 114</b>	<b>\$ 3</b>

Following are some of the key assumptions underlying the analysis with regard to historical data:

- Historical values are estimated and may not add exactly due to rounding. For some historical data, FY estimates are based on the average of two calendar years' data.
- Property Tax represents the state share of revenue only, for oil and gas property in Anchorage, Kenai Peninsula Borough, Matanuska Susitna Borough, and Whittier.
- CIT represents estimated total non-North Slope revenue. For companies with operations in multiple areas of the state, CIT is allocated based on taxable production for both oil and gas.
- Production tax represents estimated total non-North Slope revenue net of credits applied against tax liability. Taxes on private landowner royalty and hazardous release surcharges, which cannot be offset by tax credits, are included in these estimates. For companies with operations in multiple areas of the state, production tax is estimated to reflect the non-North Slope tax liability without

regard to potential North Slope impacts (for instance, under prior tax regimes, non-North Slope production was factored into the North Slope tax rate calculation).

- Royalties include bonuses and rents but not interest. The values include only revenue from state managed lands and include General Fund, Permanent Fund, and School Fund shares.
- Production tax credits represent credits applied against liability or purchased by the state in a given year, consistent with Table 8-4 of the Revenue Sources Book. Timing or location of credit application or purchase may not align exactly with timing or location of activity that generated those credits.

For forecast values for FY 2022 – FY 2025, values are based on the Spring 2022 Forecast. In particular, estimates for credits purchased by the state incorporate the Spring 2022 Forecast for statutory appropriation, which presumes that all outstanding tax credits will be purchased between FY 2023 and FY 2024.

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 M. Glover  
Tax Division Director