

ALASKA LEGISLATURE COMMITTEE FILES, 1989-1990
6113 HOUSE STATE AFFAIRS 8672

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	<u>Actuals</u>	<u>Low</u>	<u>Mid</u>	<u>High</u>	<u>Low</u>	<u>Mid</u>	<u>High</u>	<u>Low</u>	<u>Mid</u>	<u>High</u>
LICENSES & PERMITS										
Business (15)(16)	8.1	7.5	7.5	7.5	7.0	7.0	7.0	7.0	7.0	7.0
Non-Business	<u>20.2</u>	<u>19.8</u>	<u>19.8</u>	<u>19.8</u>	<u>20.3</u>	<u>20.3</u>	<u>20.3</u>	<u>20.3</u>	<u>20.3</u>	<u>20.3</u>
Total	<u>28.3</u>	<u>27.3</u>	<u>27.3</u>	<u>27.3</u>	<u>27.3</u>	<u>27.3</u>	<u>27.3</u>	<u>27.3</u>	<u>27.3</u>	<u>27.3</u>
INTERGOVERNMENTAL RECEIPTS										
Federal Shared Revenues (17)	6.1	6.5	6.5	6.5	6.0	6.0	6.0	6.0	6.0	6.0
Section 8(g) Funds (17)(18)	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>
Total	<u>8.1</u>	<u>8.5</u>	<u>8.5</u>	<u>8.5</u>	<u>8.0</u>	<u>8.0</u>	<u>8.0</u>	<u>8.0</u>	<u>8.0</u>	<u>8.0</u>
STATE RESOURCE REVENUE										
Sale/Use										
Bonus Sales (17)(19)(20)	11.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Rents (17)(19)(20)	5.3	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Royalties (17)	605.9	588.0	704.4	841.5	518.8	724.7	912.9	595.8	804.0	1006.5
Sale of State Property	4.9	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Gravel, Timber, etc.	<u>0.5</u>	<u>1.5</u>	<u>1.5</u>	<u>1.5</u>	<u>1.5</u>	<u>1.5</u>	<u>1.5</u>	<u>1.5</u>	<u>1.5</u>	<u>1.5</u>
Total	<u>628.0</u>	<u>599.5</u>	<u>715.9</u>	<u>853.0</u>	<u>530.3</u>	<u>736.2</u>	<u>924.4</u>	<u>607.3</u>	<u>815.5</u>	<u>1018.0</u>
Investment Earnings (21)	<u>160.7</u>	<u>91.4</u>	<u>94.7</u>	<u>98.2</u>	<u>69.6</u>	<u>103.2</u>	<u>143.5</u>	<u>29.4</u>	<u>115.2</u>	<u>195.4</u>
Facilities Related Charges										
Airports	1.2	1.9	1.9	1.9	2.0	2.0	2.0	2.0	2.0	2.0
Ferry System—SE	29.3	31.6	31.6	31.6	32.3	32.3	32.3	33.6	33.6	33.6
Ferry System—SW	3.8	4.3	4.3	4.3	4.3	4.3	4.3	4.6	4.6	4.6
Other	<u>1.4</u>	<u>1.7</u>	<u>1.7</u>	<u>1.7</u>	<u>1.7</u>	<u>1.7</u>	<u>1.7</u>	<u>1.7</u>	<u>1.7</u>	<u>1.7</u>
Total	<u>35.7</u>	<u>39.5</u>	<u>39.5</u>	<u>39.5</u>	<u>40.3</u>	<u>40.3</u>	<u>40.3</u>	<u>41.9</u>	<u>41.9</u>	<u>41.9</u>
Services Related Charges										
Court System	6.0	5.9	5.9	5.9	6.0	6.0	6.0	6.0	6.0	6.0
Other	<u>1.9</u>	<u>2.8</u>	<u>2.8</u>	<u>2.8</u>	<u>2.8</u>	<u>2.8</u>	<u>2.8</u>	<u>2.8</u>	<u>2.8</u>	<u>2.8</u>
Total	<u>7.9</u>	<u>8.7</u>	<u>8.7</u>	<u>8.7</u>	<u>8.8</u>	<u>8.8</u>	<u>8.8</u>	<u>8.8</u>	<u>8.8</u>	<u>8.8</u>
TOTAL RESOURCE REVENUE	<u>772.3</u>	<u>739.1</u>	<u>858.8</u>	<u>999.4</u>	<u>649.0</u>	<u>888.5</u>	<u>1117.0</u>	<u>687.4</u>	<u>981.4</u>	<u>1264.1</u>
MISCELLANEOUS REVENUE	<u>10.0</u>	<u>15.0</u>	<u>15.0</u>	<u>15.0</u>	<u>15.0</u>	<u>15.0</u>	<u>15.0</u>	<u>15.0</u>	<u>15.0</u>	<u>15.0</u>
TOTAL UNRESTRICTED REVENUE (22)	<u>2186.2</u>	<u>2005.5</u>	<u>2295.6</u>	<u>2645.0</u>	<u>1743.2</u>	<u>2255.6</u>	<u>2765.6</u>	<u>1860.1</u>	<u>2416.2</u>	<u>2893.4</u>
MENTAL HEALTH TRUST INCOME ACCOUNT (23)	<u>97.7</u>	<u>100.3</u>	<u>114.8</u>	<u>132.3</u>	<u>87.2</u>	<u>112.8</u>	<u>138.3</u>	<u>93.0</u>	<u>120.8</u>	<u>149.7</u>

* Footnotes on the following page.

FOOTNOTES

- (1) Figures are forecasted to be slightly higher but expected to trend downward.
- (2) The major portion of the FY 89 figure reflects the ARCO settlement (\$172.3 million) which resolved disputed State income tax liabilities from prior years.
- (3) Figures include that portion (\$56.1 million in FY 89) annually shared through the municipal assistance program (AS 43.20.016).
- (4) Reflects enactment of the conservation surcharge on oil (Ch. 112, SLA 1989).
- (5) FY 90 figures reflect those protested ELF revision payments received by the State, and are subject to litigation.
- (6) Figures only reflect the State's share of the total. The total property tax and the municipalities' share are as follow (millions \$): FY 89: \$342.0 and \$252.3; FY 90: \$332.9 and \$248.3; FY 91: \$331.0 and \$251.3; and FY 92: \$333.9 and \$258.7, respectively.
- (7) Includes that portion annually shared to qualified municipalities (AS 43.40.010).
- (8) Figures reflect the increased millage rate for the General Fund portion from 5.5 to 12 mills per cigarette per Ch. 96, SLA 89.
- (9) The Department of Commerce in January, 1989 switched to a two year cycle for business license applications.
- (10) Figures reflect the enactment of a shorebased fisheries business tax credit which is limited to 50 percent of the business' total tax liability with any unused portion of the credit carried forward (Ch. 79, SLA 1986, effective July 1, 1986). For example, the total FY 89 fisheries business tax liability was \$41.3 million against which \$14.6 million credits were applied thus yielding a total net fisheries business tax of \$26.7 million. This State share is further reduced annually (\$15.7 million in FY 89) by municipal revenue sharing (AS 43.75.130). The canned fisheries business tax has been combined into a single category with the shorebased since the tax credits are applied against the aggregate return and cannot be allocated by specific processing type.
- (11) Provides annual funding based on collections for qualified regional aquaculture associations (AS 43.76.025).
- (12) Provides annual funding based on collections for the Alaska Seafood Marketing Institute (AS 16.51.160).
- (13) Figures include that portion (\$2.0 million for FY 89) annually refunded to local taxing authorities (AS 10.25.570).
- (14) Reflects enactment of the Gaming Reform Act (Ch. 99, SLA 1989), effective September 2, 1988.
- (15) Figures reflect the trend of shifting fees by various agencies from General Fund Unrestricted revenues to Restricted Program Receipts.
- (16) Figures include that portion of amusement and gaming licenses (AS 43.35.050) and liquor licenses (AS 04.10.460) annually shared to qualified municipalities.
- (17) Net of Permanent Fund and Public School Fund contributions.
- (18) Reflects the OCS "8(g)" revenue sharing settlement of \$4.0 million in FY 89, and \$4.0 million in FY 90, FY 91, and FY 92. The General Fund share represents 49.5 percent of the aforementioned totals, whereas the Permanent Fund receives 50.0 percent. The remaining 0.5 percent is distributed to the Public School Fund.
- (19) Reflects state lease sales of \$14.7 million held September 28, 1988 (Sale 55 - Demarcation Point), \$6.1 million held September 28, 1988 (Sale 69A - Kuparuk Uplands), and \$2.2 million held January 24, 1989 (Sale 52 - Beaufort Sea, Sale 72A - Oliktok Point). The bonus figures represent the General Fund's 49.5 percent share.
- (20) The Department of Natural Resources projects the following FY 90, FY 91, and FY 92 state lease sales: FY 90 (None scheduled); FY 91 (Sale 67A - Cook Inlet:Exempt, Sale 70A - Kuparuk Uplands:Exempt, Sale 64 - Kavik, Sale 62 - Beaufort Sea); and FY 92 (Sale 74 - Cook Inlet, Sale 61 - Whitehills, Sale 68 - Beaufort Sea). However, bonus bids are impossible to anticipate prior to sales; therefore, no estimates are provided.
- (21) With regard to the projections shown in this current revenue forecast, it should be noted that, all currently held and projected investment assets in the General Investment Fund are projected to be liquidated by January 1992, under the Low Case revenue scenario presented. In the High Case and the Mid Case scenarios, there are still assets in the Fund at the end of FY 1992. A wide variety of policy actions could be taken to either increase General Fund cash inflows or reduce General Fund cash outflows. However, no such actions are assumed here. Even with total liquidation of the General Investment Fund, interest from certain mortgage and loan programs is assumed to accrue to the General Fund.
- (22) The State, per AS 38.05.180, will be granting incentive credits against royalties, severance taxes, and rentals to the oil companies for drilling exploratory wells. Although there are no credits currently applied against the FY 90 figures, additional credits are anticipated in subsequent years.
- (23) Chapter 48 SLA 1987, allocates 5% of General Fund unrestricted revenues to the Mental Health Trust Income Account until such time as the original Mental Health Trust Lands are valued (at which point 8% of such value will be allocated annually to the Mental Health Trust Income Account). The necessary expenses of Alaska's Mental Health Program must be met before funds in the Mental Health Trust Income Account may be expended for any other public purpose (AS 37.14.021). The amounts shown are included in the aforementioned Total Unrestricted Revenue figures.

GENERAL FUND RESTRICTED REVENUES

(Millions of Dollars)

	FY 1989 <u>Actuals</u>	FY 1990 ESTIMATES			FY 1991 ESTIMATES			FY 1992 ESTIMATES		
		<u>Low</u>	<u>Mid</u>	<u>High</u>	<u>Low</u>	<u>Mid</u>	<u>High</u>	<u>Low</u>	<u>Mid</u>	<u>High</u>
<u>Federal Grants-in-Aid</u>										
Education	73.3	66.0	66.0	66.0	66.0	66.0	66.0			
Social Services	167.4	191.4	191.4	191.4	191.7	191.7	191.7			
Health	3.9	5.0	5.0	5.0	4.8	4.8	4.8			
Natural Resources	30.0	27.8	27.8	27.8	27.8	27.8	27.8			Not Available
Pub. Prot./Admin. of Justice	12.4	12.8	12.8	12.8	12.7	12.7	12.7			
Development/General Govt.	7.8	2.0	2.0	2.0	2.0	2.0	2.0			
Transportation	<u>195.8</u>	<u>183.0</u>	<u>183.0</u>	<u>183.0</u>	<u>183.0</u>	<u>183.0</u>	<u>183.0</u>			
Total Federal Grants-in-Aid	<u>490.6</u>	<u>488.0</u>	<u>488.0</u>	<u>488.0</u>	<u>488.0</u>	<u>488.0</u>	<u>488.0</u>			
<u>Other Grants-in-Aid/Program Receipts</u>										
Education	2.3	2.2	2.2	2.2	2.2	2.2	2.2			
Health/Social Services	6.5	8.4	8.4	8.4	8.2	8.2	8.2			
Natural Resources	6.2	5.7	5.7	5.7	5.7	5.7	5.7			Not Available
Pub. Prot./Admin. of Justice	5.3	6.4	6.4	6.4	6.2	6.2	6.2			
Development/General Govt.	14.0	5.9	5.9	5.9	5.9	5.9	5.9			
Transportation	<u>1.0</u>	<u>0.9</u>	<u>0.9</u>	<u>0.9</u>	<u>0.9</u>	<u>0.9</u>	<u>0.9</u>			
Total Other Grants-in-Aid	<u>35.3</u>	<u>29.5</u>	<u>29.5</u>	<u>29.5</u>	<u>29.1</u>	<u>29.1</u>	<u>29.1</u>			
Miscellaneous Restricted Revenue-All Categories	<u>20.8</u>	<u>16.4</u>	<u>16.4</u>	<u>16.4</u>	<u>17.0</u>	<u>17.0</u>	<u>17.0</u>			
RESTRICTED REVENUE *	<u>546.7</u>	<u>533.9</u>	<u>533.9</u>	<u>533.9</u>	<u>534.1</u>	<u>534.1</u>	<u>534.1</u>			
UNRESTRICTED REVENUE	2186.2	2005.5	2295.6	2645.0	1743.2	2255.6	2765.6	1860.1	2416.2	2993.4
TOTAL GENERAL FUND	<u>2732.9</u>	<u>2539.4</u>	<u>2829.5</u>	<u>3178.9</u>	<u>2277.3</u>	<u>2789.7</u>	<u>3299.7</u>			

* Restricted Revenue figures may not agree with those shown in the Governor's budget due to categorical differences between the budget and accounting system.

B. Petroleum Revenues

Introduction

This section: underlines the importance of petroleum revenues to Alaska's total revenues; discusses the current oil markets; sets out the petroleum forecast assumptions; describes the low, mid, and high scenarios; and concludes with a note on the effects of the modified Economic Limit Factor (ELF) and a note on methodology.

Importance of Petroleum Revenues

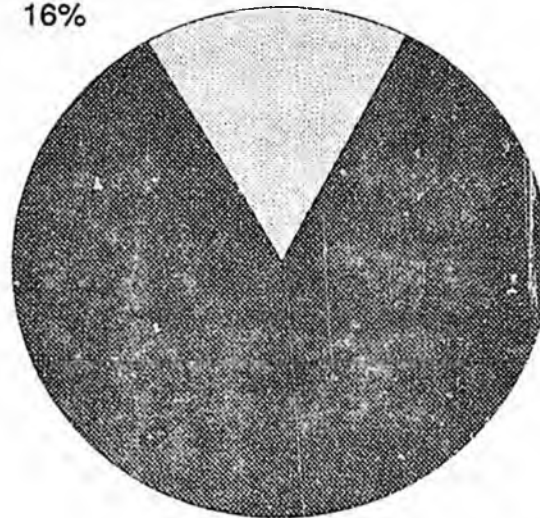
Petroleum revenues now account for more than 80 percent of all unrestricted General Fund revenues, and will account for more than 80 percent of those revenues each year well into the 1990s.

The figure below shows the relationship of petroleum revenues to all revenues for FY 89.

FY 89 GENERAL FUND UNRESTRICTED REVENUES

NON-PETROLEUM BASED

16%



PETROLEUM BASED

84%

PETROLEUM REVENUES
General Fund Unrestricted Revenues:
Petroleum Revenues as a Percentage of the Total

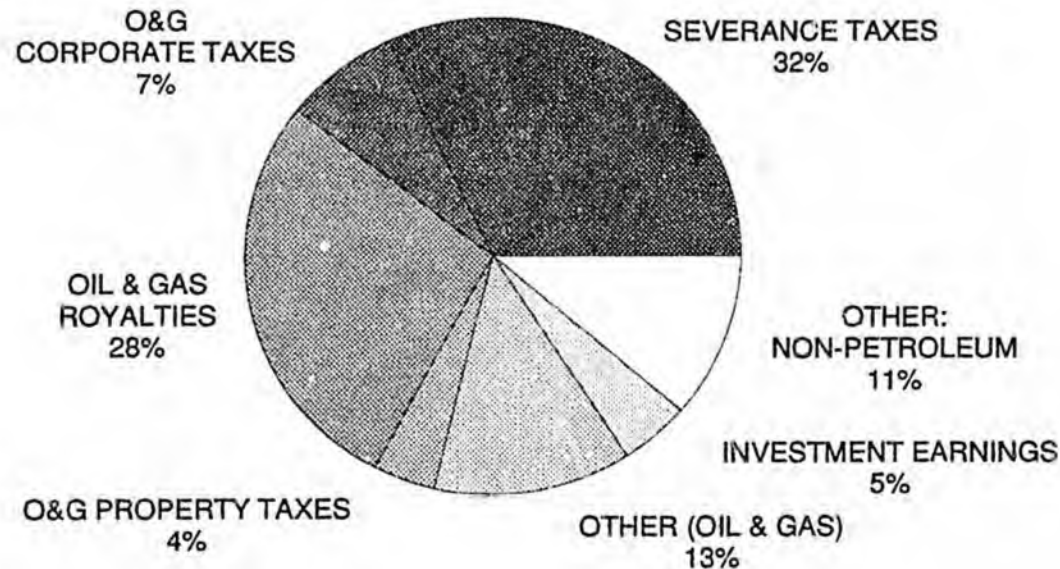
The following table shows that petroleum revenues will dominate in the short-term under all three scenarios.

<u>FY 1989 - 92</u>			
(Millions of Dollars)			
	Total G. F. Unrestricted <u>Revenues</u>	Total G. F. Unrestricted <u>from Petroleum</u>	<u>Percent</u>
<u>FY 89 Actual</u>	2186.2	1840.4	84
<u>FY 90 Estimates</u>			
Low Case	2005.5	1668.4	83
Mid Case	2295.6	1955.2	85
High Case	2645.0	2301.1	87
<u>FY 91 Estimates</u>			
Low Case	1743.2	1424.8	82
Mid Case	2255.6	1903.6	84
High Case	2765.6	2373.3	86
<u>FY 92 Estimates</u>			
Low Case	1860.1	1578.3	85
Mid Case	2416.2	2048.6	85
High Case	2993.4	2545.6	85

Petroleum revenues come from: (1) severance taxes (also called production taxes); (2) royalties on oil and gas the State owns; (3) corporate income taxes on corporations producing and transporting oil and gas; (4) the oil and gas property tax; and (5) other oil and gas revenues (rents, bonuses, and special settlements).

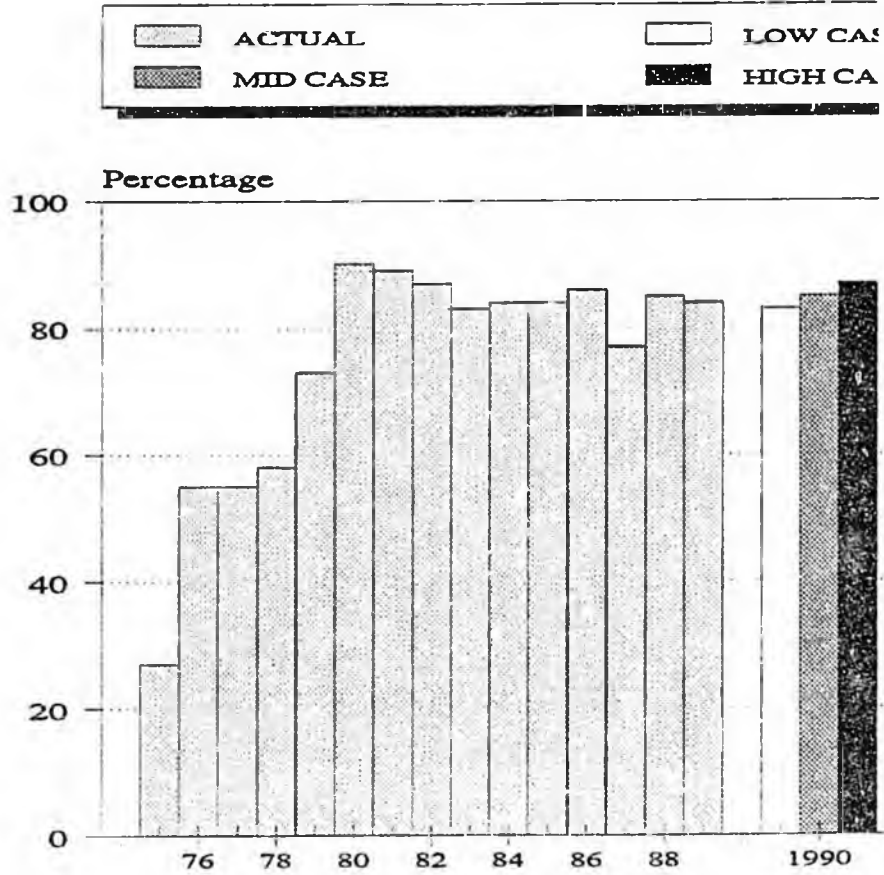
Together, these petroleum revenues accounted for 84 percent of State revenues in FY 89. The State also collects revenues in the form of interest earned on money invested in the State Treasury, which accounted for another 5 percent of the total General Fund unrestricted revenues. (Most of the earnings come from interest earned on petroleum revenues.) The following figure illustrates this.

FY 89 GENERAL FUND UNRESTRICTED REVENUES



The following figure shows that the State of Alaska has received more than a substantial period. Petroleum revenues comprised more than 75 percent of general fund revenues in FY 89 for the tenth year in a row.

PERCENTAGE OF GENERAL FUND UNRESERVED REVENUES WHICH COME FROM PETROLEUM REVENUES (FY 1975 - 92)



C. CURRENT OIL MARKET SITUATION

World Market

The price of oil continues strong on world markets through November. This is occurring in the face of fairly bearish market fundamentals, including estimated OPEC October production of nearly 23 million bbl/day and flat to lower consumption of oil in the third quarter in the U.S. and Europe. Obviously the prospect for higher prices will depend on the severity of the winter weather and the extent to which the global economy continues to grow over the next two quarters.

OPEC met November 25 in Vienna, at which time the member countries established a new overall production quota of 22 million bbls/day. OPEC's major short-term problem is how to deal with a projected seasonal decline in the demand for their crude oil in the first quarter which will lead to lower prices unless current rates of production by member countries can be curbed.

The new OPEC quota system and estimated October production is illustrated in Table 1.

Table 1 **OPEC Production Quotas and Estimated October Production¹**
(Thousands of bbls/day)

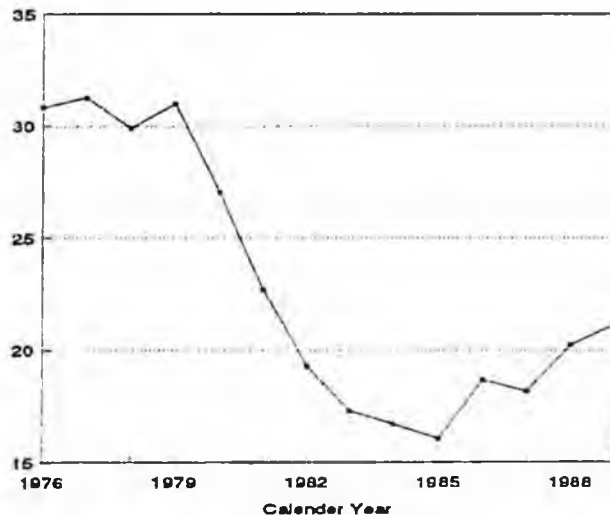
<u>Country</u>	<u>October Production</u>	<u>Current Quota</u>
Algeria	700	830
Ecuador	300	270
Gabon	210	200
Indonesia	1,250	1,370
Iran	2,900	3,140
Iraq	3,000	3,140
Kuwait ²	1,850	1,500
Libya	1,200	1,230
Nigeria	1,600	1,610
Qatar	400	370
Saudi Arabia ²	5,500	5,380
UAE	2,200	1,100
Venezuela	<u>1,800</u>	<u>1,810</u>
October total	22,910	22,000

¹Source: Platt's Oilgram News

²Includes 50% of Neutral Zone output.

Figure 1

OPEC Production
(Millions of barrels/day)



ANS Market

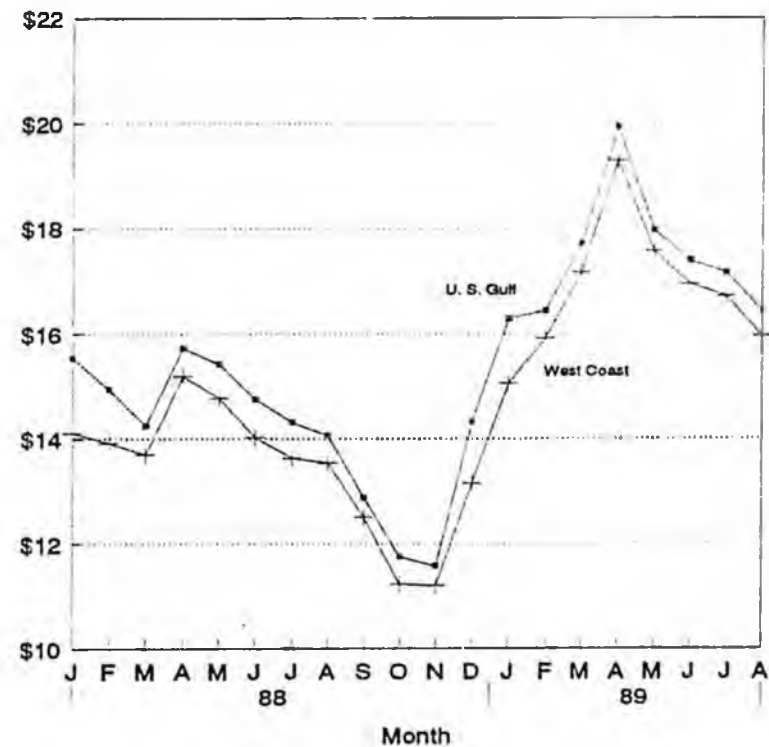
Lower production from Alaska's North Slope continues to dominate the news. Recent estimates released by the Alaska Department of Natural Resources reduce the production estimates released last Spring for the North Slope by an average of roughly 100,000 bbl/day. Due to the projected decline in the mammoth Prudhoe Bay oil field, Alaska's overall oil production will continue to decline in the future. The good news is that several new oil fields will be coming into production in the early 1990s, including Point McIntyre, Niakuk, and possibly West Sak.

The decline in ANS production combined with projected continued declines in California production and a growing appetite for oil on the West Coast will eventually eliminate the need for the movement of ANS to destinations east of Panama. The result of this situation will be to increase the price of oil on the West Coast relative to world oil prices. The price jump occurs in FY 1992 in both the low and mid scenarios and occurs in FY 1993 in the high scenario, reflecting a difference in the timing of the disappearance of the West Coast oil glut.

Spot prices this year for ANS crude oil peaked at over \$20/bbl last April following the disruption in Brent production from the North Sea and the disruption in production associated with the Valdez oilspill. Prices have been creeping up since September and are currently over \$20/bbl. Figure 2 illustrates ANS spot prices for Gulf Coast and West Coast deliveries so far this year.

Figure 2

ANS Spot Price (\$ / barrel)



D. FORECAST ASSUMPTIONS

World Oil Price

Table 2 Scenarios for Saudi Light Oil Price (\$/bbl)

Fiscal Year	Low Scenario	Mid Scenario	High Scenario
1990	14.59	15.53	16.36
1991	13.95	16.25	17.72
1995	16.23	20.07	23.63
2000	19.20	25.63	33.67
2005	23.06	32.52	47.69

The basic price assumptions developed for this forecast continue to start with the price of Saudi Light crude oil, a widely traded crude oil similar in quality to ANS. Saudi Light is the dominant crude oil produced by the world's largest oil exporter, Saudi Arabia.

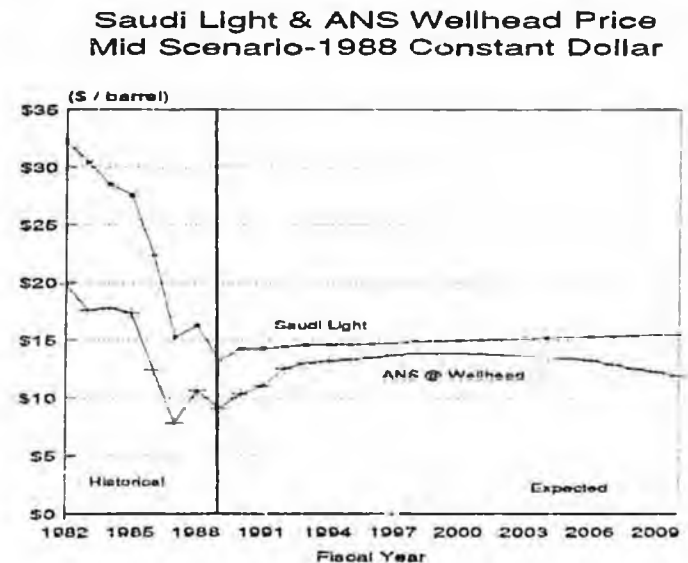
The scenarios for the short term outlook for Saudi Light price are described in the next section.

The longer term outlook for oil prices essentially depends on the assumptions about how OPEC behaves in a market which requires an increasing amount of production from those OPEC countries with large oil reserves. Some analysts argue that a magic number for OPEC is 80%, that is, when OPEC production reaches 80% of its capacity, major, sustainable price increases can be expected. Others argue that as the market approaches this level of dependence on OPEC, price increases will occur which will trigger the kind of self-regulating response on both the supply and demand side for oil which will keep the real cost of oil somewhere in the \$10/bbl to \$20/bbl range.

This forecast generally takes the latter approach, projecting constant dollar prices in the Low Scenario of around \$12/bbl, in the Mid Scenario of around \$15/bbl, and in the High Scenario approaching \$20/bbl.

The discussion of price forecast assumptions which follows essentially starts with the Saudi Light price and outlines the other variables which translate this price into the wellhead price for ANS crude oil. The wellhead price is the price determining the value of production and thus the State's severance tax and royalty income. The relationship between Saudi Light price and ANS wellhead price is illustrated in Figure 3 for the mid scenario.

Figure 3



ANS Lower 48 Prices

Table 3

Scenarios for ANS Oil Price
Gulf Coast and West Coast
(\$/bbl)

Fiscal Year	Low Scenario		Mid Scenario		High Scenario	
	West	Gulf	West	Gulf	West	Gulf
1990	14.38	15.36	16.10	16.92	17.71	18.37
1991	14.68	14.62	17.68	17.78	19.36	20.08
1995	18.42	16.60	22.78	22.28	26.83	27.50
2000	21.79	18.65	29.12	28.46	38.26	39.14
2005	26.18	23.04	36.94	36.28	54.19	55.24

The price of ANS is forecast based on its historical relationship to Saudi Light. The relationship over time between the prices of these two crude oils has been far from stable, reflecting—among other things—the peculiarities of the U.S. market and the internal dynamics of OPEC pricing policies. Many factors can affect the relative prices of crude oils, including differences in quality and location. The volatile relationship among world crude oil prices reflects the evolving market, changing pricing practices of both the OPEC and non-OPEC producers, and changes in refinery economics. ANS has usually sold at a modest discount relative to Saudi Light at the U.S. Gulf. The U.S. West Coast is a special case. ANS by law can not be exported and all ANS production can not be absorbed on the West Coast. Therefore ANS production in excess of demand on the West Coast must go to the Gulf Coast rather than to the much closer Asian market. This situation results in a depressed price for ANS on the West Coast, i.e., a much larger discount relative to delivered Saudi than on the Gulf Coast.

Figure 4

ANS at the U. S. Gulf (\$ / barrel)

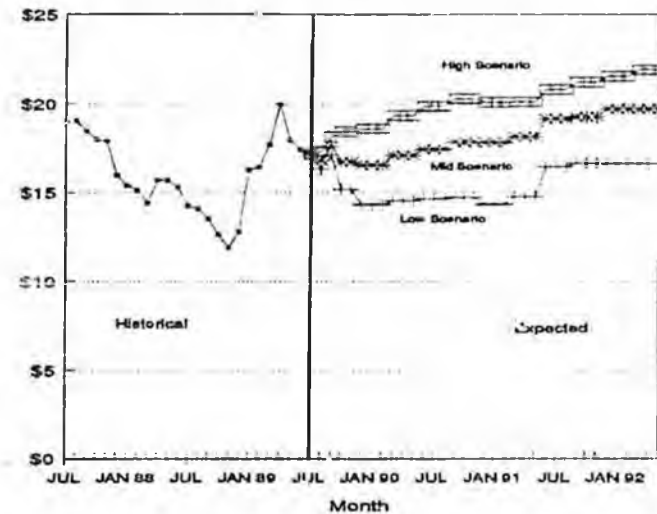
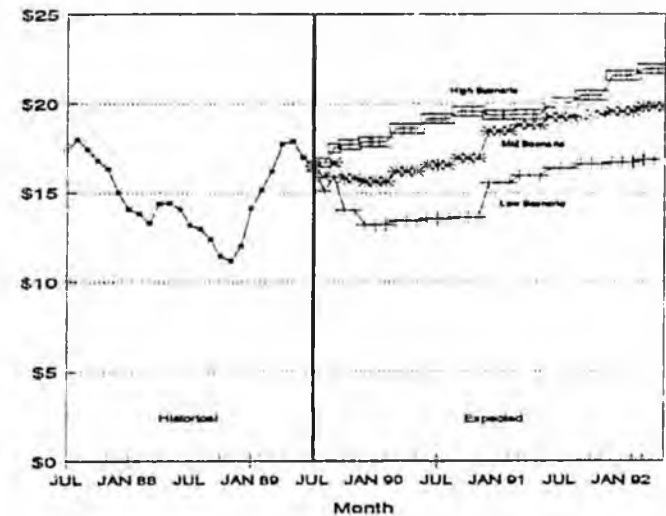


Figure 5

ANS at the West Coast (\$/barrel)



Transportation Costs to Lower 48 Markets

As oil prices rise and inflation increases fuel and labor costs, tanker costs go up. As ANS production declines, however, there will be a drop in demand for tankers, this drop will increase the competition for cargos, which should keep tanker rates down. The fact that less and less oil will be shipped to the Gulf/East Coast will in and of itself lower the average cost of shipping oil to the Lower 48.

Tanker Costs

Table 4 Marine Transportation Costs to Gulf Coast and West Coast (\$/bbl)

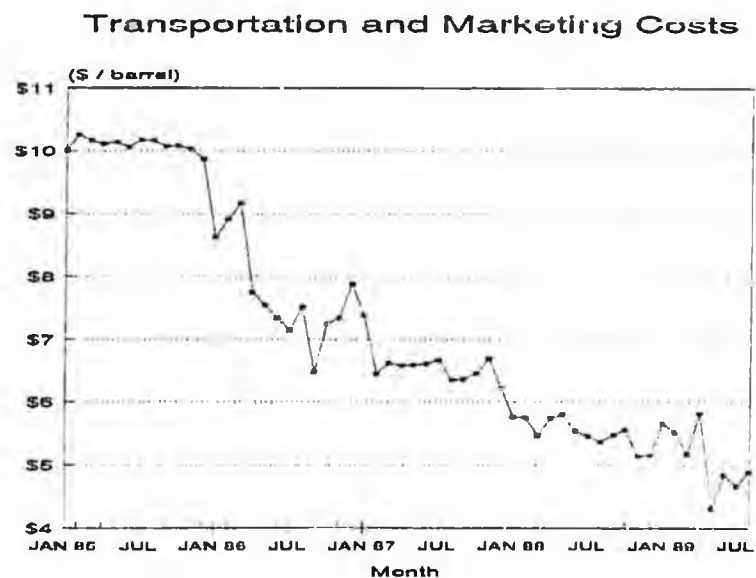
Fiscal Year	Valdez to West Coast			Valdez to Gulf/East Coast		
	Low	Mid	High	Low	Mid	High
1990	0.94	0.95	0.95	2.77	2.81	2.88
1991	0.97	1.00	1.02	2.84	2.91	3.03
1995	1.14	1.22	1.32	3.14	4.73	4.95
2000	1.37	1.52	1.76	3.56	5.93	6.77
2005	1.66	1.90	2.34	4.03	7.43	9.00

Tanker rates to Lower 48 destinations have fallen significantly since January 1986 from an average reported cost of \$4.24/bbl for Gulf Coast delivery in January 1986 to an average of \$2.43/bbl in August 1989. The decline is generally attributed to the following factors:

- 1) The decreasing amount of ANS sold east of Panama (which has dropped from 805,000 bbl/day or 47% in January 1986 to 550,000 bbl/day or 30% in August 1989).
- 2) The entry of the three construction differential subsidy tankers into the Alaska trade.
- 3) The opening of the All-American Pipeline from California to Texas.

When this lower tanker cost is included with the lower Trans Alaska Pipeline tariffs, the cost of shipping a barrel of oil from the Alaska North slope to the U.S. Gulf has fallen from \$10/bbl in 1985 to less than \$5.50/bbl in August 1989. Figure 6 illustrates the decline in transportation costs. Without these cost savings some production sold in both 1986 and 1988 at prices below \$10.00/bbl would have had a zero wellhead value, in which case the State under current law would have realized no severance tax or royalty for this production.

Figure 6



Trans Alaska Pipeline System Tariffs

Table 5 Scenarios for TAPS Tariffs (\$/bbl)

Fiscal Year	Low Scenario	Mid Scenario	High Scenario
1990	3.45	3.45	3.45
1991	3.62	3.57	3.49
1995	3.07	2.97	2.69
2000	3.66	3.54	3.18
2005	7.73	6.14	4.54

The TAPS tariff is determined according to the TAPS Settlement Method, a ratemaking method agreed upon by the Pipeline owners and the State of Alaska. This agreement dropped the tariff from \$6/bbl in 1985 to \$4/bbl in 1987, \$3.18/bbl in 1988, and \$3.05/bbl in 1989. The 1990 calendar year tariff is expected to increase to about \$3.90/bbl for three reasons:

- 1) Reduced throughput assumptions due to the rapid onset of decline at Prudhoe Bay will raise the per-barrel charge.
- 2) 1989 throughput was lower than expected so that the 1989 tariff was insufficient to cover allowable costs. As a result, some of those costs will be carried over into the 1990 rate base.
- 3) Unanticipated corrosion repairs and additional oil spill mitigation expenditures will raise operating expenses in 1990.

Wellhead Price for ANS

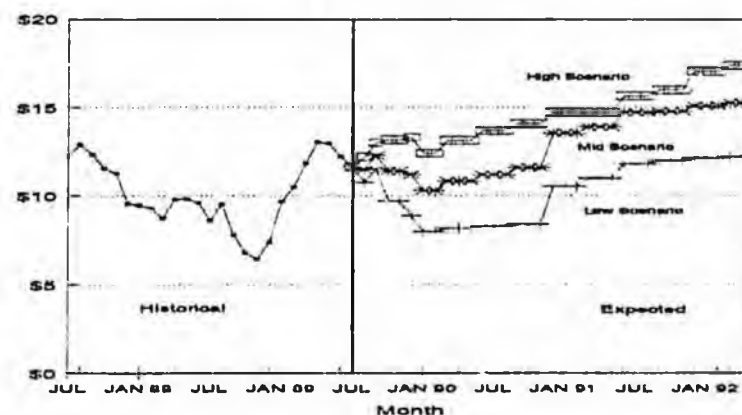
Table 6 Scenarios for ANS Wellhead Price (\$/bbl)

Fiscal Year	Low Scenario	Mid Scenario	High Scenario
1990	9.63	11.27	12.79
1991	9.54	12.56	14.31
1995	14.03	14.97	12.41
2000	16.60	23.74	33.07
2005	17.10	28.65	46.96

The wellhead value of ANS, along with production, is the basis for both State severance tax and royalty. The wellhead value is calculated by subtracting the pipeline and marine transportation costs from the sales price (or transfer price at the refinery gate in the case of oil run through a producer's own refinery).

Figure 7

ANS at the Wellhead (\$ / barrel)



Oil Production Outlook

Information on production comes from the Alaska Department of Natural Resources, the producing companies, the Alaska Oil and Gas Conservation Commission, oil industry trade journals, technical reports, and news releases. Annual production estimates are shown in Figures 8 and 9, and on pages 46 through 48 in the section on "Long-Term Outlook".

The vast majority of Alaska production will continue to come from the now declining Prudhoe Bay field. The mid scenario anticipates that total Alaskan production will be half its current level by 1997. The decline in Prudhoe Bay production is now expected to be much more rapid than assumed in our Spring forecast. This reflects a more serious gas handling constraint. As more and more gas is produced with each barrel of oil, the amount of gas which must be reinjected back into the Prudhoe Bay field has increased substantially. Since it is anticipated that there will need to be more production downtime due to field and TAPS maintenance, the gas handling constraint will limit the ability to keep average annual oil production from falling. Installation of additional gas handling equipment, GHAX1 (gas handling and expansion 1), is scheduled to start late in 1990. A second expansion is in the planning stages. Once in place, the ability to reinject up to 5.1 bcf/day of gas production will slow the rate of decline in oil production.

Figure 8

Simulated Oil Production State of Alaska

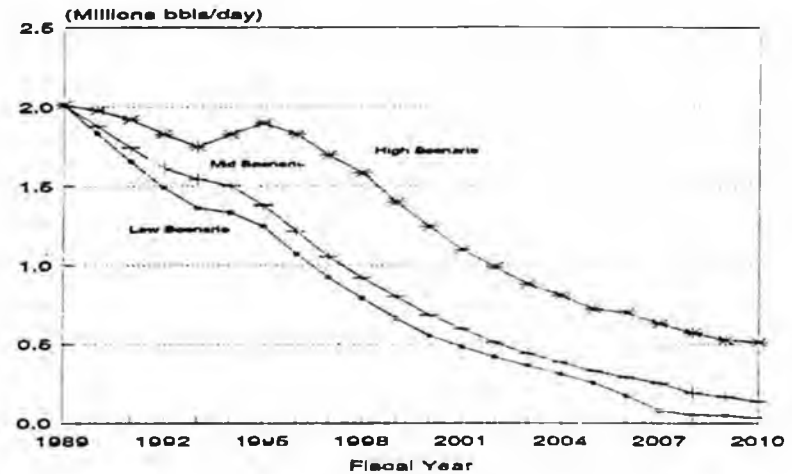
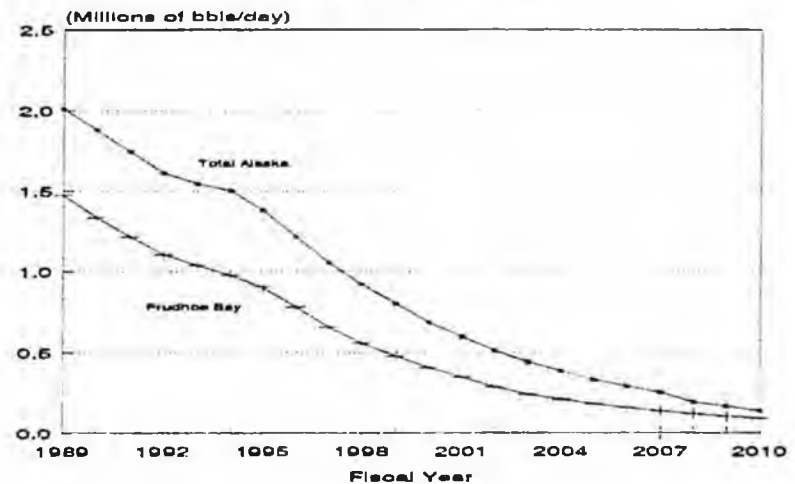


Figure 9

Simulated Oil Production Mid Scenario



This forecast for the first time projects production from the newly discovered Pt. McIntyre field. ARCO has estimated that there are 300 million barrels of recoverable oil. The proximity to the existing Prudhoe Bay infrastructure should allow fairly rapid development of the field. A thorough appraisal of the resource is currently in progress. The use of common production facilities has raised questions about tax treatment and the commercial and regulatory implications for cost sharing and production monitoring. Once these issues can be resolved, development should occur quickly.

Other fields which may help offset the Prudhoe decline include Niakuk and West Sak. Niakuk may still face development cost hurdles depending on the final outcome of the application for permits to build a causeway into the Beaufort Sea. West Sak development probably hinges on a combination of favorable oil prices, cost saving technical advances, and resolution of the commercial, regulatory, and taxation issues which are raised by the proposed use of Kuparuk facilities to produce the oil.

The effect of projected production from these new oil fields is illustrated in Figure 8 where a blip up in 1994 North Slope production can be seen.

E. MODIFIED ECONOMIC LIMIT FACTOR

During the 1989 session, the legislature modified the Economic Limit Factor (ELF) for oil severance tax. Taxes on Prudhoe Bay and Kuparuk were increased while taxes on all other oil fields were reduced or left at zero. The increases are approximately 8 percent of the revenue projected in each scenario.

The 1990 projection includes the \$102.2 million paid under protest for production between January 1, 1989 and August 6, 1989.

Change in Revenue Due to Revised ELF (Millions \$)

<u>Fiscal</u> <u>Year</u>	<u>Low</u>	<u>Mid</u>	<u>High</u>
1989	0	0	0
1990	210.4	234.4	259.1
1991	138.3	177.5	210.0
1992	171.3	205.0	236.5

F. METHODOLOGY

The Department of Revenue uses a wide variety of models and techniques to forecast severance taxes and royalties. The main forecasting model is a marketing and production simulation model which projects severance tax and royalties on a company-by-company, field-by-field basis through the year 2050. This model can be run on either a scenario or iterative basis and was initially developed in 1978. We have also recently developed an electronic spreadsheet model called Shortcut, which aggregates the information used in the simulation model. Policy makers and other interested individuals can use Shortcut to perform sensitivity analysis, which asks "What if ...?". This model can be obtained by contacting the Department of Revenue.

G. SCENARIOS OVER THE SHORT-TERM

Low Scenario

Summary: The Low Scenario assumes economic growth slows over the next two years, reducing the recent strong growth in oil consumption; non-OPEC production continues to grow and OPEC muddles along unable to match output to fluctuating demand.

	General Fund Unrestricted Revenues	Saudi Light Price (\$/bbl)	Average Lower 48 ANS Price (\$/bbl)
FY 1990	2,005.5	14.59	14.64
FY 1991	1,743.2	13.95	14.67
FY 1992	1,860.1	14.66	16.63

The Low Scenario assumptions are as follows:

1. Economic growth averages 2.0% in 1990 and 1.0% in 1991. This assumes an economic slowdown triggered by the financial market concerns over debt and higher interest rates.
2. Oil consumption grows by 0.9% in 1990 and only 0.3% in 1991 as the economic slowdown drags down energy use.
3. Non-OPEC production grows by .5 million bbl/day in 1990 and .25 million bbl/day in 1991, with North Sea production back to its potential but with a diminished outlook for production due to continued low oil prices.
4. Problems allocating increased demand for OPEC crude oil among member countries during seasonal fluctuations in the market, lead to overproduction at critical periods which keeps downward pressure on price.
5. No new Federal taxes are levied on energy.
6. The implied call on OPEC under this scenario, assuming normal inventory fluctuations, is 19.8 million bbl/day in 1990. This compares to our Spring 1989 forecast of 18.0 million bbl/day. The 1991 call on OPEC is projected to be 19.5 million bbl/day.

**Expected and Historical Crude Oil Prices
For Alaska North Slope Crude and OPEC Marker
(\$/barrel)**

Low Scenario

Production Mon/YR		ANS at Wellhead	ANS at West Coast	ANS at Gulf Coast	Saudi Lt Ras Tanura
JUL	88	8.62	13.20	14.26	13.32
AUG	88	9.52	12.98	14.09	13.31
SEP	88	7.81	12.37	13.51	11.81
OCT	88	6.79	11.45	12.65	10.46
NOV	88	6.43	11.20	11.89	10.61
DEC	88	7.40	12.03	12.79	12.68
JAN	89	9.69	14.12	16.28	14.61
FEB	89	10.51	15.17	16.44	14.79
MAR	89	11.85	16.21	17.70	16.28
APR	89	13.04	17.71	19.93	17.74
MAY	89	12.97	17.88	17.96	16.28
JUN	89	12.22	16.97	17.39	15.99
JUL	89	11.65	16.47	17.17	16.03
AUG	89	10.75	15.10	16.32	15.36
SEP	89	11.56	15.92	17.14	16.08
OCT	89	9.71	14.05	15.17	14.43
NOV	89	9.71	14.05	15.17	14.43
DEC	89	8.89	13.22	14.34	13.70
JAN	90	7.99	13.22	14.34	13.70
FEB	90	7.99	13.22	14.34	13.70
MAR	90	8.19	13.43	14.54	13.88
APR	90	8.19	13.43	14.54	13.88
MAY	90	8.19	13.43	14.54	13.88
QTR1	FY91	8.30	13.55	14.66	13.98
QTR2	FY91	8.39	13.63	14.74	14.05
QTR3	FY91	10.53	15.54	14.34	13.70
QTR4	FY91	11.01	15.97	14.77	14.08
QTR1	FY92	11.83	16.37	16.44	14.43
QTR2	FY92	12.02	16.59	16.65	14.62
QTR3	FY92	12.14	16.71	16.65	14.73
QTR4	FY92	12.23	16.84	16.65	14.84

Low Scenario

Global Oil Market Assumptions

	<u>GLOBAL OIL CONSUMPTION</u>	<u>OPEC OIL PROD.</u>	<u>OPEC NGL PROD.</u>	<u>NON-OPEC PROD.</u>	<u>NET CPE EXPORTS</u>	<u>PROCESSING GAIN</u>	<u>STOCK CHANGE</u>
1989							
Q1	52.7	19.7	2.1	25.1	2.3	1.7	-1.8
Q2	50.3	20.9	2.1	24.7	2.7	1.7	1.8
Q3	51.2	21.1	2.1	25.4	2.6	1.7	1.8
Q4	52.7	19.9	2.1	26.2	2.5	1.7	-0.3
1990							
Q1	51.5	17.1	2.2	25.9	2.5	1.7	-2.2
Q2	51.3	20.0	2.2	25.8	2.6	1.7	1.0
Q3	52.3	21.2	2.2	26.0	2.6	1.7	1.4
Q4	53.5	20.8	2.2	26.0	2.6	1.7	-0.3
1991							
Q1	51.7	16.8	2.3	26.2	2.6	1.7	-2.2
Q2	51.5	19.8	2.3	26.1	2.6	1.7	1.0
Q3	52.5	21.0	2.3	26.3	2.6	1.7	1.4
Q4	53.7	20.5	2.3	26.3	2.6	1.7	-0.3

Mid Scenario

Summary: The Mid Scenario assumes moderate growth in the world economy in 1990 with a mild slowdown in 1991. Continued low oil prices, in relative terms, and a cheaper dollar further contribute to healthy growth in world oil consumption. OPEC finds it easier in these economic circumstances to match production to demand. The result is stable oil prices drifting up over time toward \$20/bbl.

	General Fund Unrestricted <u>Revenues</u>	<u>Saudi Light Price (\$/bbl)</u>	<u>Average Lower 48 ANS Price (\$/bbl)</u>
FY 1990	2,295.6	15.53	16.32
FY 1991	2,255.6	16.25	17.70
FY 1992	2,416.2	17.17	19.49

The Mid Scenario assumptions are as follows:

1. Economic growth worldwide averages 2.5% in 1990 and 2.0% in 1991. This assumption implies continued solid growth next year and a slowdown in 1991.
2. Oil consumption is projected to grow at 1.5% in 1990 and .8% in 1991 in response to both the healthy growth in the world economy and in response to prices which are still low when adjusted for inflation and the value of the dollar.
3. Non-OPEC production is expected to grow very slowly increasing by .2 million bbl/day in 1990 and by .1 million bbl/day in 1991. This reflects the depressing effect of low and volatile oil prices on investment in high cost frontiers outside OPEC both in terms of new exploration and development and also in terms of existing older oil fields.
4. OPEC finds a way of allocating its bigger market share among its members so that all share in higher revenues. Thus a price war over market share is avoided.
5. No new Federal taxes are levied on energy.
6. The implied call on OPEC under this scenario, assuming normal inventory fluctuations, is 20.6 million bbl/day in 1990. This compares to our Spring 1989 forecast of 19.4 million bbl/day. The 1991 call on OPEC is projected to be 20.8 million bbl/day.

**Expected and Historical Crude Oil Prices
For Alaska North Slope Crude and OPEC Marker
(\$/barrel)**

Mid Scenario

Production		ANS at	ANS at	ANS at	Saudi Lt
Mon/YR		Wellhead	West Coast	Gulf Coast	Ras Tanura
JUL	88	8.62	13.20	14.26	13.32
AUG	88	9.52	12.98	14.09	13.31
SEP	88	7.81	12.37	13.51	11.81
OCT	88	6.79	11.45	12.65	10.46
NOV	88	6.43	11.20	11.89	10.61
DEC	88	7.40	12.03	12.79	12.68
JAN	89	9.69	14.12	16.28	14.61
FEB	89	10.51	15.17	16.44	14.79
MAR	89	11.85	16.21	17.70	16.28
APR	89	13.04	17.71	19.93	17.74
MAY	89	12.97	17.88	17.96	16.28
JUN	89	12.22	16.97	17.39	15.99
JUL	89	11.65	16.47	17.17	16.03
AUG	89	11.48	15.89	16.80	15.36
SEP	89	12.29	16.70	17.62	16.08
OCT	89	11.40	15.83	16.74	15.31
NOV	89	11.40	15.83	16.74	15.31
DEC	89	11.21	15.64	16.55	15.14
JAN	90	10.31	15.64	16.54	15.14
FEB	90	10.31	15.64	16.54	15.14
MAR	90	10.85	16.18	17.09	15.62
APR	90	10.85	16.18	17.09	15.62
MAY	90	10.85	16.18	17.09	15.62
QTR1	FY91	11.20	16.54	17.44	15.93
QTR2	FY91	11.60	16.94	17.84	16.28
QTR3	FY91	13.56	18.45	17.82	16.26
QTR4	FY91	13.90	18.78	18.15	16.55
QTR1	FY92	14.73	19.24	19.15	16.95
QTR2	FY92	14.78	19.34	19.25	17.04
QTR3	FY92	15.09	19.57	19.69	17.24
QTR4	FY92	15.27	19.80	19.69	17.44

Mid Scenario

Global Oil Market Assumptions

	<u>GLOBAL OIL CONSUMPTION</u>	<u>OPEC OIL PROD.</u>	<u>OPEC NGL PROD.</u>	<u>NON-OPEC PROD.</u>	<u>NET CPE EXPORTS</u>	<u>PROCESSING GAIN</u>	<u>STOCK CHANGE</u>
1989							
Q1	52.7	19.7	2.1	25.1	2.3	1.7	-1.8
Q2	50.3	20.9	2.1	24.7	2.7	1.7	1.8
Q3	51.3	21.3	2.1	25.3	2.6	1.7	1.8
Q4	52.9	20.4	2.1	25.8	2.5	1.7	-0.3
1990							
Q1	51.9	17.9	2.2	25.5	2.5	1.7	-2.2
Q2	51.7	20.8	2.2	25.4	2.6	1.7	1.0
Q3	52.7	22.0	2.2	25.6	2.6	1.7	1.4
Q4	53.9	21.6	2.2	25.6	2.6	1.7	-0.3
1991							
Q1	52.3	18.0	2.3	25.6	2.6	1.7	-2.2
Q2	52.1	21.0	2.3	25.5	2.6	1.7	1.0
Q3	53.1	22.2	2.3	25.7	2.6	1.7	1.4
Q4	54.4	21.8	2.3	25.7	2.6	1.7	-0.3

High Scenario

Summary: The High Scenario assumes vigorous economic growth and correspondingly rapid increases in world wide oil consumption. Non-OPEC production growth remains low, significantly increasing the demand for OPEC crude oil. OPEC's much larger market share makes it far easier to reach a production agreement which keeps oil prices drifting upward.

	General Fund Unrestricted Revenues	Saudi Light Price (\$/bbl)	Average Lower 48 ANS Price (\$/bbl)
FY 1990	2,645.0	16.36	17.90
FY 1991	2,765.6	17.72	19.52
FY 1992	2,993.4	18.83	21.03

The High Scenario assumptions are as follows:

1. Economic growth worldwide is assumed to be 3.5% in both 1990 and 1991. Continued growth is driven by increased free trade among nations and high rates of consumption by the rapidly expanding economies of the Far East.
2. Oil consumptions increases by 1.6% in 1990 and 1.4% in 1991 in response to rapid economic growth and relatively low oil prices when adjusted for inflation and the value of the dollar.
3. Non-OPEC production increases by .1 million bbl/day in 1990 and 1991. Non-OPEC production growth remains low in response to frontier production problems, like those in the North Sea and Alaska, and low rates of investment in exploration and development due to relatively low oil prices.
4. OPEC develops a workable system for accomodating greater market demand for OPEC production based loosely on a combination of percentage increases with adjustments for differences in production capability.
5. No new Federal taxes are levied on energy.
6. The implied call on OPEC under this scenario, assuming normal inventory fluctuations, is 21.1 million bbl/day in 1990. This compares to our Spring 1989 forecast of 19.4 million bbl/day. The 1991 call on OPEC is projected to be 21.6 million bbl/day.

**Expected and Historical Crude Oil Prices
For Alaska North Slope Crude and OPEC Marker
(\$/barrel)**

High Scenario

Production Mon/YR	ANS at Wellhead	ANS at West Coast	ANS at Gulf Coast	Saudi Lt Ras Tanura
JUL 88	8.62	13.20	14.26	13.32
AUG 88	9.52	12.98	14.09	13.31
SEP 88	7.81	12.37	13.51	11.81
OCT 88	6.79	11.45	12.65	10.46
NOV 88	6.43	11.20	11.89	10.61
DEC 88	7.40	12.03	12.79	12.68
JAN 89	9.69	14.12	16.28	14.61
FEB 89	10.51	15.17	16.44	14.79
MAR 89	11.85	16.21	17.70	16.28
APR 89	13.04	17.71	19.93	17.74
MAY 89	12.97	17.88	17.96	16.28
JUN 89	12.22	16.97	17.39	15.99
JUL 89	11.65	16.47	17.17	16.03
AUG 89	12.21	16.68	17.30	15.36
SEP 89	13.02	17.50	18.13	16.08
OCT 89	13.17	17.71	18.43	16.27
NOV 89	13.17	17.71	18.44	16.27
DEC 89	13.32	17.86	18.59	16.40
JAN 90	12.42	17.86	18.60	16.40
FEP 90	12.41	17.86	18.60	16.40
MAR 90	13.14	18.60	19.33	17.05
APR 90	13.14	18.60	19.33	17.05
MAY 90	13.14	18.60	19.34	17.05
QTR1 FY91	13.69	19.15	19.86	17.54
QTR2 FY91	14.10	19.56	20.28	17.90
QTR3 FY91	14.73	19.35	20.08	17.72
QTR4 FY91	14.73	19.38	20.10	17.74
QTR1 FY92	15.65	20.04	20.78	18.32
QTR2 FY92	16.01	20.45	21.19	18.68
QTR3 FY92	17.04	21.57	21.54	19.00
QTR4 FY92	17.39	21.93	21.90	19.32

High Scenario

Global Oil Market Assumptions

	GLOBAL OIL CONSUMPTION	OPEC OIL PROD.	OPEC NGL PROD	NON-OPEC PROD.	NET CPE EXPORTS	PROCESSING GAIN	STOCK CHANGE
1989							
Q1	52.7	19.7	2.1	25.1	2.3	1.7	-1.8
Q2	50.3	20.9	2.1	24.7	2.7	1.7	1.8
Q3	51.5	21.6	2.1	25.2	2.6	1.7	1.8
Q4	53.6	21.4	2.1	25.5	2.5	1.7	-0.3
1990							
Q1	52.2	18.4	2.2	25.3	2.5	1.7	-2.2
Q2	52.0	21.3	2.2	25.2	2.6	1.7	1.0
Q3	53.0	22.5	2.2	25.4	2.6	1.7	1.4
Q4	54.2	22.1	2.2	25.4	2.6	1.7	-0.3
1991							
Q1	52.9	18.8	2.3	25.4	2.6	1.7	-2.2
Q2	52.7	21.8	2.3	25.3	2.6	1.7	1.0
Q3	53.7	23.0	2.3	25.5	2.6	1.7	1.4
Q4	55.0	22.6	2.3	25.5	2.6	1.7	-0.3

III. REVENUE FORECAST: LONG-TERM OUTLOOK (FY 1993 - 2010)

This section focuses on the long term from FY1993 through FY2010. This section provides revenue projections for this period, and also sets out the assumptions behind those projections for the low, mid, and high scenarios.

The following graph shows the revenue projections for the low, mid, and high scenarios from FY1981 through FY2010 in both nominal and real dollar terms. The assumptions are shown of each of the three scenarios for the inflation rate, Alaska oil production, the TAPS tariff, and the average Lower 48 price for Alaska North Slope (ANS) crude oil.

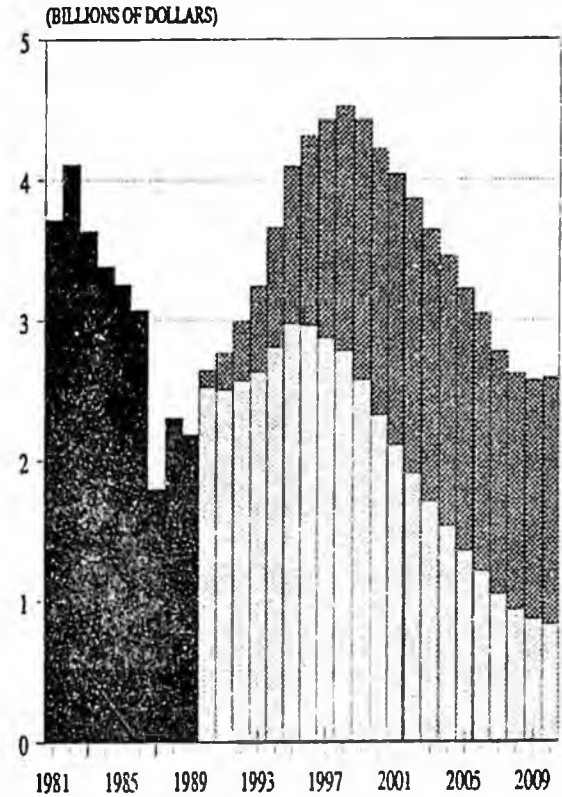
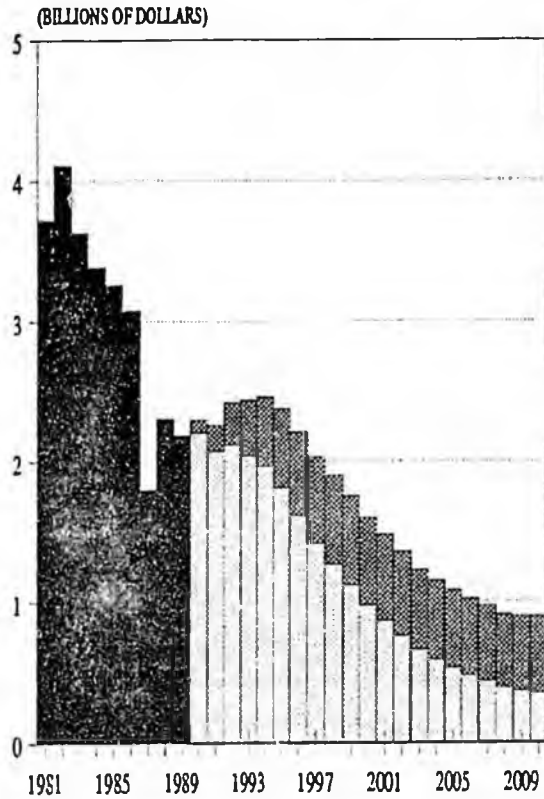
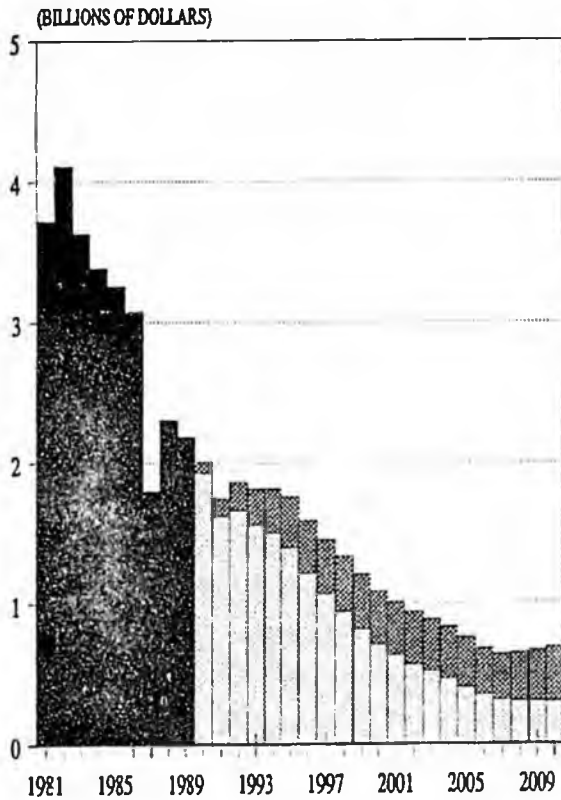
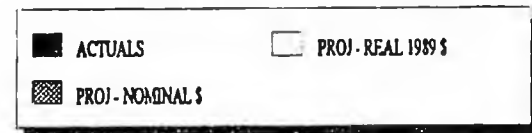
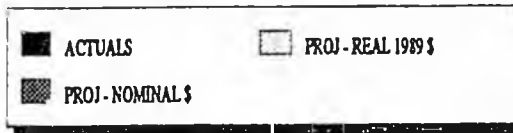
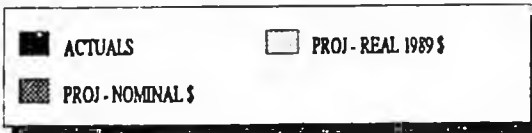
The first set of tables provide detailed revenue projections for each category of revenues under each of the three scenarios. The next set of tables show the forecast for each scenario of the petroleum production revenues by type and area of the state. The final sets of tables show for each scenario (1) the expected and historical prices from from FY1982 through FY2010 for Alaska North Slope ("ANS") crude oil at the wellhead and the Saudi Light crude oil price at Ras Tanura, and (2) the simulated oil production by field.

GENERAL FUND UNRESTRICTED REVENUE PROJECTIONS (FY 1981 - FY 2010)

LOW CASE SCENARIO

MID CASE SCENARIO

HIGH CASE SCENARIO



FALL 1989 FORECAST ASSUMPTIONS

The following tables are part of the output from the Department of Revenue's simulation model, the Long-Run Fiscal Model (LRFM). All pertinent assumptions and footnotes are presented below:

- 1) The conservation surcharge for oil and hazardous release (\$0.05/bbl) was included as severance tax.
- 2) Investment earnings are a function of expenditures and the resulting general investment fund balance.
(Note: Permanent Fund earnings are excluded from the long-range revenue forecast.)
Expenditures were assumed to increase at the scenario-specific inflation rate from the FY 89 base year.
The real rate of return for investment earnings was assumed at 3.00% for all cases.
- 3) Non-petroleum/non-interest revenues beyond FY 92 were assumed to increase at the scenario-specific inflation rate.

FY	INFLATION RATE (%)			ALASKA PRODUCTION (Millions of Barrels/Year)			TAPS TARIFF (\$/bbl)			AVERAGE LOWER 48 PRICE (\$/bbl)		
	LOW	MID	HIGH	LOW	MID	HIGH	LOW	MID	HIGH	LOW	MID	HIGH
1990	3.77	4.09	4.65	669.20	685.63	721.76	3.45	3.45	3.45	14.64	16.32	17.90
1991	3.76	4.44	5.39	604.55	635.94	701.27	3.62	3.57	3.49	14.67	17.70	19.52
1992	3.88	4.75	5.57	543.69	588.22	667.43	3.23	3.11	2.96	16.63	19.49	21.03
1993	3.94	4.75	5.69	496.48	563.28	637.37	3.14	3.05	2.90	17.35	20.74	23.46
1994	3.94	4.75	5.69	486.61	548.30	666.92	3.03	2.99	2.74	17.87	21.74	25.09
1995	3.94	4.75	5.69	454.96	503.51	692.58	3.06	2.97	2.70	18.42	22.78	26.87
1996	4.00	4.56	5.69	390.92	443.49	666.87	3.09	2.99	2.68	19.05	23.93	28.85
1997	4.00	4.56	5.69	336.83	385.01	618.97	3.03	2.95	2.64	19.70	25.14	30.97
1998	4.00	4.56	5.69	288.66	335.74	577.74	2.95	2.88	2.63	20.37	26.40	33.24
1999	4.00	4.56	5.69	242.01	292.02	509.93	3.29	3.17	2.77	21.07	27.72	35.68
2000	4.00	4.56	5.69	202.37	249.46	453.13	3.65	3.54	3.04	21.79	29.12	38.30
2001	4.06	4.50	5.56	175.93	217.55	400.05	3.97	3.94	3.31	22.52	30.54	41.06
2002	4.06	4.50	5.56	152.46	186.04	360.51	4.48	4.41	3.60	23.31	32.02	44.02
2003	4.06	4.50	5.56	132.69	160.43	320.30	5.15	4.90	3.91	24.32	33.59	47.19
2004	4.06	4.50	5.56	112.59	139.97	294.37	5.91	5.47	4.25	25.23	35.22	50.58
2005	4.06	4.50	5.56	93.27	120.64	262.99	7.28	6.14	4.57	26.17	36.94	54.23
2006	4.06	4.50	5.56	63.03	105.73	255.02	11.39	6.97	4.94	27.15	38.74	58.13
2007	4.06	4.50	5.56	28.80	91.95	229.19	20.00	8.22	5.38	28.16	40.63	62.32
2008	4.06	4.50	5.56	19.06	69.79	208.86	20.00	9.83	5.85	29.21	42.61	66.81
2009	4.06	4.50	5.56	17.74	60.81	191.48	20.00	11.12	6.25	30.30	44.69	71.62
2010	4.06	4.50	5.56	9.87	49.66	186.90	20.00	13.00	6.76	31.45	46.87	76.78

LOW CASE SCENARIO

(Millions of Dollars)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
<u>FY</u>	<u>SEVERANCE TAX</u>	<u>PROPERTY TAX</u>	<u>OIL & GAS INC TAX</u>	<u>GROSS ROYALTIES</u>	<u>MINERAL RENTS</u>	<u>BONUS SALES</u>	<u>SPECIAL PETRO SETTLEMENTS</u>	<u>TOTAL PETROLEUM REVENUES</u>	<u>NON-PETR NON-INTR REVENUES</u>	<u>GEN FUND INTEREST REVENUE</u>	<u>TOTAL REVS W/PERM FND DEDICATION</u>
81	1170.20	143.00	860.10	1501.60	7.90	14.10	0.00	3696.90	186.10	227.80	4110.80
82	1581.70	142.70	668.90	1553.20	26.40	10.30	0.00	3983.20	209.00	324.70	4516.90
83	1493.70	152.60	236.00	1447.40	54.20	73.10	0.00	3457.00	228.60	375.80	4061.40
84	1393.10	131.00	265.10	1409.00	21.90	16.70	0.00	3236.80	245.80	282.70	3765.30
85	1389.40	128.40	168.60	1390.30	23.70	23.60	0.00	3124.00	283.00	233.50	3640.50
86	1107.90	113.50	133.90	1098.20	44.50	70.10	460.70	3028.80	222.40	195.20	3446.40
87	648.50	102.50	120.40	591.60	29.10	1.00	85.20	1578.30	243.00	161.90	1983.20
88	818.70	96.20	158.00	953.50	24.20	11.30	329.00	2390.90	223.60	132.60	2747.10
89	698.80	89.70	166.00	818.70	18.00	23.00	259.70	2073.90	245.10	100.70	2419.70
90	765.44	84.60	109.00	795.45	19.80	0.00	111.40	1885.69	245.70	91.40	2222.79
91	698.92	79.70	114.00	702.33	19.10	0.00	4.00	1618.05	248.80	69.60	1936.45
92	783.73	75.20	110.00	807.74	19.10	0.00	4.00	1799.77	252.40	29.40	2081.57
93	747.55	70.40	105.00	791.08	18.15	0.00	9.40	1741.58	262.34	26.12	2030.04
94	736.98	64.30	95.00	811.81	17.24	0.00	9.40	1734.73	272.68	27.33	2034.74
95	699.56	56.70	90.00	786.47	16.38	0.00	9.40	1658.51	283.42	28.56	1970.49
96	597.85	51.40	76.00	705.09	15.56	0.00	9.40	1455.30	294.76	29.98	1780.04
97	515.82	46.60	62.00	639.00	14.78	0.00	9.40	1287.60	306.55	31.43	1625.58
98	441.16	41.90	53.00	579.56	14.04	0.00	13.40	1143.06	318.81	32.93	1494.80
99	368.74	37.30	44.00	502.13	13.34	0.00	13.40	978.91	331.57	34.47	1344.95
00	291.83	33.00	42.00	431.15	12.67	0.00	13.40	824.05	344.83	36.08	1204.96
01	243.42	29.00	40.00	388.17	12.04	0.00	13.40	726.02	358.83	37.90	1122.75
02	196.01	25.30	33.00	346.29	11.44	0.00	13.40	625.44	373.40	39.65	1038.48
03	151.90	21.40	46.00	306.83	10.86	0.00	0.00	536.99	388.56	41.47	967.02
04	101.53	19.40	57.00	269.31	10.32	0.00	0.00	457.56	404.33	43.36	905.25
05	49.54	17.70	52.00	223.46	9.80	0.00	0.00	352.50	420.75	45.32	818.57
06	18.84	16.20	49.00	139.38	9.31	0.00	0.00	232.73	437.83	47.36	717.93
07	17.94	14.70	44.00	60.21	8.85	0.00	0.00	145.70	455.61	49.46	650.77
08	18.14	13.00	40.00	57.01	8.41	0.00	0.00	136.56	474.11	51.65	662.31
09	18.74	11.10	36.00	58.96	7.99	0.00	0.00	132.79	493.35	53.91	680.05
10	28.00	9.20	32.00	54.74	7.59	0.00	0.00	131.53	513.38	56.35	701.26

(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
FY	TOTAL REVS W/ PERM FND DEDICATION	PUB SCH FUND	NPR-A FUND	OTHER FUNDS	PERM FUND DEDICATN	NET GEN FUND UNRESTRD REVENUES NOM \$	REAL 1989 \$
81	4110.80	7.50	0.00	74.30	385.10	3718.20	
82	4516.90	8.00	0.00	0.00	400.50	4108.40	
83	4061.40	9.40	0.00	0.00	421.00	3631.00	
84	3765.30	9.00	0.00	0.00	366.20	3390.10	
85	3640.50	7.10	5.40	0.00	368.00	3260.00	
86	3446.40	6.50	41.00	0.00	323.40	3075.50	
87	1983.20	3.30	9.90	0.00	170.60	1799.40	
88	2747.10	6.60	1.00	15.80	417.90	2305.80	
89	2419.70	4.30	0.80	0.00	228.40	2186.20	2186.20
90	2222.79	4.10	1.00	0.00	212.20	2005.49	1932.56
91	1936.45	3.60	1.00	0.00	188.50	1743.35	1619.04
92	2081.57	4.10	1.00	0.00	216.40	1860.07	1662.85
93	2030.04	4.06	1.00	0.00	211.83	1813.15	1559.45
94	2034.74	4.16	0.50	0.00	216.79	1813.29	1500.45
95	1970.49	4.03	0.00	0.00	210.50	1755.96	1397.93
96	1780.04	3.63	0.00	0.00	189.76	1586.66	1214.57
97	1625.58	3.30	0.00	0.00	172.88	1449.40	1066.82
98	1494.80	3.00	0.00	0.00	159.55	1332.25	942.88
99	1344.95	2.61	0.00	0.00	139.60	1202.74	818.47
00	1204.96	2.26	0.00	0.00	121.50	1081.21	707.47
01	1122.75	2.04	0.00	0.00	111.38	1009.33	634.67
02	1038.48	1.83	0.00	0.00	100.38	936.27	565.76
03	967.02	1.63	0.00	0.00	83.13	882.26	512.32
04	905.25	1.45	0.00	0.00	73.52	830.29	463.33
05	818.57	1.22	0.00	0.00	61.43	755.93	405.37
06	717.93	0.80	0.00	0.00	39.15	677.98	349.39
07	650.77	0.40	0.00	0.00	17.83	632.54	313.25
08	662.31	0.39	0.00	0.00	16.89	645.03	306.97
09	680.05	0.39	0.00	0.00	17.24	662.41	302.94
10	701.26	0.37	0.00	0.00	16.06	684.82	300.99

MID CASE SCENARIO
(Millions of Dollars)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
<u>FY</u>	<u>SEVERANCE TAX</u>	<u>PROPERTY TAX</u>	<u>OIL&GAS INC TAX</u>	<u>GROSS ROYALTIES</u>	<u>MINERAL RENTS</u>	<u>BONUS SALES</u>	<u>SPECIAL PETRO SETTLEMENTS</u>	<u>TOTAL PETROLEUM REVENUES</u>	<u>NON-PETR NON-INTR REVENUES</u>	<u>GEN FUND INTEREST REVENUES</u>	<u>TOTAL REVS W/ PERM FND DEDICATION</u>
81	1170.20	143.00	860.10	1501.60	7.90	14.10	0.00	3696.90	186.10	227.80	4110.80
82	1581.70	142.70	668.90	1553.20	26.40	10.30	0.00	3983.20	209.00	324.70	4516.90
83	1493.70	152.60	236.00	1447.40	54.20	73.10	0.00	3457.00	228.60	375.80	4061.40
84	1393.10	131.00	265.10	1409.00	21.90	16.70	0.00	3236.80	245.80	282.70	3765.30
85	1389.40	128.40	168.60	1390.30	23.70	23.60	0.00	3124.00	283.00	233.50	3640.50
86	1107.90	113.50	133.90	1098.20	44.50	70.10	460.70	3028.80	222.40	195.20	3446.40
87	648.50	102.50	120.40	591.60	29.10	1.00	85.20	1578.30	243.00	161.90	1983.20
88	818.70	96.20	158.00	953.50	24.20	11.30	329.00	2390.90	223.60	132.60	2747.10
89	698.80	89.70	166.00	818.70	18.00	23.00	259.70	2073.90	245.10	100.70	2419.70
90	914.81	84.60	130.00	953.12	19.80	0.00	111.40	2213.73	245.70	94.70	2554.13
91	946.67	79.70	139.00	981.40	19.10	0.00	4.00	2169.87	248.80	103.20	2521.87
92	1020.89	75.20	135.00	1090.99	19.10	0.00	4.00	2345.18	252.40	115.20	2712.78
93	1026.54	70.40	134.00	1139.26	18.15	0.00	9.40	2397.75	264.39	83.84	2745.98
94	1015.22	64.30	133.00	1199.85	17.24	0.00	9.40	2439.01	276.95	70.77	2786.73
95	953.08	56.70	129.00	1186.54	16.38	0.00	9.40	2361.10	290.10	47.35	2698.55
96	861.25	51.40	127.00	1113.89	15.56	0.00	9.40	2178.50	303.33	32.91	2514.74
97	752.58	46.60	112.00	1033.04	14.78	0.00	9.40	1968.40	317.16	34.76	2320.32
98	660.58	41.90	103.00	966.88	14.04	0.00	13.40	1799.80	331.63	36.63	2168.06
99	578.70	37.30	94.00	879.29	13.34	0.00	13.40	1616.03	346.75	38.59	2001.37
00	485.37	33.00	85.00	788.49	12.67	0.00	13.40	1417.93	362.56	40.62	1821.12
01	406.72	29.00	79.00	721.56	12.04	0.00	13.40	1261.72	378.87	42.57	1683.16
02	321.06	25.30	73.00	647.64	11.44	0.00	13.40	1091.84	395.92	44.76	1532.52
03	241.02	21.40	69.00	583.77	10.86	0.00	0.00	926.05	413.74	47.05	1386.84
04	184.45	19.40	64.00	534.64	10.32	0.00	0.00	812.81	432.36	49.42	1294.59
05	132.56	17.70	66.00	482.16	9.80	0.00	0.00	708.22	451.82	51.89	1211.93
06	87.45	16.20	60.00	441.49	9.31	0.00	0.00	614.45	472.15	54.45	1141.05
07	51.19	14.70	56.00	397.23	8.85	0.00	0.00	527.97	493.39	57.15	1078.51
08	33.06	13.00	45.00	318.46	8.41	0.00	0.00	417.93	515.60	59.96	993.48
09	29.13	11.10	42.00	290.97	7.99	0.00	0.00	381.19	538.80	62.89	982.87
10	43.20	9.20	38.00	248.73	7.59	0.00	0.00	346.72	563.04	66.03	975.79

(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
FY	TOTAL REVS W/ PERM FND DEDICATION	PUB SCH FUND	NPR-A FUND	OTHER FUNDS	PERM FUND DEDICATN	NET GEN FUND UNRESTRD REVENUES NOM \$	REAL 1989 \$
81	4110.80	7.50	3.00	74.30	385.10	3718.20	
82	4516.90	8.00	0.00	0.00	400.50	4108.40	
83	4061.40	9.40	0.00	0.00	421.00	3631.00	
84	3765.30	9.00	0.00	0.00	366.20	3390.10	
85	3640.50	7.10	5.40	0.00	368.00	3260.00	
86	3446.40	6.50	41.00	0.00	323.40	3075.50	
87	1983.20	3.30	9.90	0.00	170.60	1799.40	
88	2747.10	6.60	1.00	15.80	417.90	2305.80	
89	2419.70	4.30	0.80	0.00	228.40	2186.20	2186.20
90	2554.13	4.90	1.00	0.00	252.70	2295.53	2205.33
91	2521.87	5.00	1.00	0.00	260.30	2255.57	2074.82
92	2712.78	5.60	1.00	0.00	290.10	2416.08	2121.69
93	2745.98	5.80	1.00	0.00	304.00	2435.18	2041.47
94	2786.73	6.10	0.50	0.00	319.46	2460.67	1969.30
95	2698.55	6.03	0.00	0.00	316.71	2375.81	1815.16
96	2514.74	5.57	0.00	0.00	300.11	2208.96	1614.08
97	2320.32	5.27	0.00	0.00	283.67	2031.38	1419.59
98	2168.06	4.93	0.00	0.00	266.48	1896.64	1267.63
99	2001.37	4.50	0.00	0.00	244.09	1752.78	1120.38
00	1821.12	4.04	0.00	0.00	219.80	1597.27	976.45
01	1683.16	3.71	0.00	0.00	201.99	1477.46	864.31
02	1532.52	3.34	0.00	0.00	175.55	1353.64	757.77
03	1386.84	3.02	0.00	0.00	158.41	1225.41	656.45
04	1294.59	2.77	0.00	0.00	143.32	1148.49	588.75
05	1211.93	2.51	0.00	0.00	129.79	1079.62	529.61
06	1141.05	2.31	0.00	0.00	118.68	1020.06	478.84
07	1078.51	2.09	0.00	0.00	106.53	969.89	435.68
08	993.48	1.69	0.00	0.00	85.44	906.35	389.61
09	982.87	1.55	0.00	0.00	87.00	894.32	367.88
10	975.79	1.34	0.00	0.00	82.91	891.54	350.96

HIGH CASE SCENARIO

(Millions of Dollars)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
FY	SEVERANCE TAX	PROPERTY TAX	OIL & GAS INC TAX	GROSS ROYALTIES	MINERAL RENTS	BONUS SALES	SPECIAL PETRO SETTLEMENTS	TOTAL PETROLEUM REVENUES	NON-PETR NON-INTR REVENUES	GEN FUND INTEREST REVENUES	TOTAL REVS W/ PERM FND DEDICATION
81	1170.20	143.00	860.10	1501.60	7.90	14.10	0.00	3696.90	186.10	227.80	4110.80
82	1581.70	142.70	668.90	1553.20	26.40	10.30	0.00	3983.20	209.00	324.70	4516.90
83	1493.70	152.60	236.00	1447.40	54.20	73.10	0.00	3457.00	228.60	375.80	4061.40
84	1393.10	131.00	265.10	1409.00	21.90	16.70	0.00	3236.80	245.80	282.70	3765.30
85	1389.40	128.40	168.60	1390.30	23.70	23.60	0.00	3124.00	283.00	233.50	3640.50
86	1107.90	113.50	133.90	1098.20	44.50	70.10	460.70	3028.80	222.40	195.20	3446.40
87	648.50	102.50	120.40	591.60	29.10	1.00	85.20	1578.30	243.00	161.90	1983.20
88	818.70	96.20	158.00	953.50	24.20	11.30	329.00	2390.90	223.60	132.60	2747.10
89	698.80	89.70	166.00	818.70	18.00	23.00	259.70	2073.90	245.10	100.70	2419.70
90	1096.56	84.60	157.00	1139.50	19.80	0.00	111.40	2608.86	245.70	98.20	2952.76
91	1203.2	79.70	164.00	1237.33	19.10	0.00	4.00	2707.37	248.80	143.50	3099.67
92	1290.4	75.20	160.00	1367.19	19.10	0.00	4.00	2915.93	252.40	195.40	3363.73
93	1364.40	70.40	151.00	1350.14	18.15	0.00	9.40	3163.49	266.76	240.55	3670.79
94	1532.75	64.30	166.00	1769.08	17.24	0.00	9.40	3558.77	281.94	302.84	4143.55
95	1697.54	56.70	191.00	1986.34	16.38	0.00	9.40	3957.36	297.98	387.32	4642.66
96	1720.54	51.40	201.00	2092.65	15.56	0.00	9.40	4090.55	314.94	484.73	4890.22
97	1701.43	46.60	204.00	2119.96	14.78	0.00	9.40	4096.17	332.86	581.01	5010.04
98	1682.47	41.90	204.00	2150.71	14.04	0.00	13.40	4106.52	351.80	671.12	5129.44
99	1566.63	37.30	209.00	2055.77	13.34	0.00	13.40	3895.44	371.81	745.65	5012.91
00	1372.22	33.00	210.00	1960.72	12.67	0.00	13.40	3602.01	392.97	791.40	4786.38
01	1239.40	29.00	213.00	1868.37	12.04	0.00	13.40	3375.21	414.82	793.63	4583.66
02	1108.65	25.30	212.00	1807.18	11.44	0.00	13.40	3177.97	437.88	775.97	4391.82
03	986.04	21.40	215.00	1724.23	10.86	0.00	0.00	2957.53	462.23	723.83	4143.59
04	881.07	19.40	216.00	1701.11	10.32	0.00	0.00	2827.90	487.93	636.38	3952.21
05	789.57	17.70	219.00	1634.47	9.80	0.00	0.00	2670.54	515.06	511.81	3697.41
06	707.41	16.20	222.00	1689.88	9.31	0.00	0.00	2644.80	543.70	349.51	3538.01
07	625.39	14.70	225.00	1625.40	8.85	0.00	0.00	2499.34	573.93	169.44	3242.71
08	550.22	13.00	228.00	1587.02	8.41	0.00	0.00	2386.65	605.84	81.89	3074.38
09	477.13	11.10	230.00	1560.30	7.99	0.00	0.00	2286.52	639.52	87.01	3013.05
10	412.90	9.20	232.00	1611.99	7.59	0.00	0.00	2273.68	675.08	92.94	3041.69

(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
FY	TOTAL REVS W/ PERM FND DEDICATION	PUB SCH FUND	NPR-A FUND	OTHER FUNDS	PERM FUND DEDICATN	UNRESTRD REVENUES NOM \$	REAL 1989 \$
81	4110.80	7.50	0.00	74.30	385.10	3718.20	
82	4516.90	8.00	0.00	0.00	400.50	4108.40	
83	4061.40	9.40	0.00	0.00	421.00	3631.00	
84	3765.30	9.00	0.00	0.00	366.20	3390.10	
85	3640.50	7.10	5.40	0.00	368.00	3260.00	
86	3446.40	6.50	41.00	0.00	323.40	3075.50	
87	1983.20	3.30	9.90	0.00	170.60	1799.40	
88	2747.10	6.60	1.00	15.80	417.90	2305.80	
89	2419.70	4.30	0.80	0.00	228.40	2186.20	2186.20
90	2952.76	5.80	1.00	0.00	301.00	2644.96	2527.43
91	3099.67	6.30	1.00	0.00	326.70	2765.67	2507.62
92	3363.73	6.90	1.00	0.00	362.30	2993.53	2570.96
93	3670.79	7.85	1.00	0.00	418.91	3243.04	2635.29
94	4143.55	8.95	0.50	0.00	479.13	3654.97	2810.13
95	4642.66	10.03	0.00	0.00	538.39	4094.25	2978.40
96	4890.22	10.56	0.00	0.00	568.93	4310.73	2967.05
97	5010.04	10.70	0.00	0.00	578.10	4421.24	2879.28
98	5129.44	10.85	0.00	0.00	596.72	4521.87	2786.28
99	5012.91	10.38	0.00	0.00	580.10	4422.43	2578.30
00	4786.38	9.90	0.00	0.00	558.08	4218.40	2326.94
01	4583.66	9.44	0.00	0.00	534.71	4039.51	2110.89
02	4391.82	9.14	0.00	0.00	518.79	3863.89	1912.77
03	4143.59	8.72	0.00	0.00	490.12	3644.75	1709.25
04	3952.21	8.61	0.00	0.00	483.42	3460.19	1537.22
05	3697.41	8.27	0.00	0.00	465.75	3223.39	1356.59
06	3538.01	8.55	0.00	0.00	479.08	3050.38	1216.15
07	3242.71	8.23	0.00	0.00	460.76	2773.72	1047.61
08	3074.38	8.04	0.00	0.00	449.01	2617.33	936.48
09	3013.05	7.90	0.00	0.00	438.40	2566.75	870.01
10	3041.69	8.16	0.00	0.00	447.72	2585.82	830.32

**Low Scenario Petroleum Production Revenue Forecast
(Millions of \$)**

Alaska North Slope

Cook Inlet

Fiscal Year	Oil Royalty	Oil Severance	Conservation Tax	Gas Royalty	Gas Severance	Hazardous Rel. Fund	ANS Total	Oil Royalty	Oil Severance	Conservation Tax	Gas Royalty	Gas Severance	Hazardous Rel. Fund	Cook Inlet Total	State Total
1989	784.6	675.3	2.4	14.7	9.2	0.0	1,486.2	23.3	0.4	0.1	19.2	8.9	0.0	51.8	1,538.0
1990	734.4	721.9	2.2	12.7	7.8	25.4	1,504.4	27.7	0.1	0.1	20.6	7.4	0.6	59.5	1,563.9
1991	651.2	677.2	2.0	10.7	6.5	25.2	1,352.8	21.2	0.0	0.1	19.2	7.4	0.6	48.5	1,401.2
1992	754.6	743.1	1.8	13.4	7.9	22.6	1,543.4	19.6	0.0	0.1	20.2	7.7	0.5	48.1	1,591.5
1993	738.6	709.4	1.7	13.3	7.3	20.6	1,491.0	18.1	0.0	0.0	21.1	8.0	0.5	47.7	1,538.6
1994	759.9	699.2	1.6	13.5	7.3	20.2	1,501.7	16.7	0.0	0.0	21.7	8.2	0.4	47.1	1,548.8
1995	735.2	663.2	1.5	13.5	7.2	18.9	1,439.4	15.5	0.0	0.0	22.4	8.3	0.4	46.6	1,486.0
1996	654.5	564.6	1.3	13.1	6.8	16.1	1,256.5	14.3	0.0	0.0	23.1	8.6	0.4	46.4	1,302.9
1997	589.5	485.5	1.1	12.4	6.1	13.9	1,108.6	13.1	0.0	0.0	23.9	8.8	0.3	46.2	1,154.8
1998	527.7	408.8	0.9	11.6	5.4	12.0	966.5	12.0	0.0	0.0	28.2	13.7	0.3	54.2	1,020.7
1999	454.7	340.2	0.8	7.2	3.2	10.1	816.2	11.0	0.0	0.0	29.1	14.1	0.3	54.6	870.8
2000	386.5	267.2	0.6	6.4	2.6	8.4	671.6	10.0	0.0	0.0	28.3	12.7	0.2	51.3	722.9
2001	343.7	219.8	0.5	6.0	2.2	7.3	579.5	9.1	0.0	0.0	29.3	13.2	0.2	51.9	631.5
2002	302.0	173.4	0.4	5.5	1.8	6.3	489.5	8.3	0.0	0.0	30.4	13.7	0.2	52.7	542.2
2003	262.6	130.0	0.4	5.0	1.5	5.5	405.0	7.6	0.0	0.0	31.6	14.2	0.2	53.6	458.6
2004	225.1	80.4	0.3	4.5	1.0	4.7	316.0	7.0	0.0	0.0	32.8	14.8	0.2	54.7	370.7
2005	179.2	29.2	0.3	3.9	0.5	3.9	217.0	6.4	0.0	0.0	34.0	15.3	0.1	55.9	272.8
2006	95.4	0.0	0.1	2.9	0.0	2.6	100.9	5.9	0.0	0.0	35.2	15.9	0.1	57.2	158.0
2007	16.3	0.0	0.0	1.9	0.0	1.1	19.4	5.4	0.0	0.0	36.6	16.5	0.1	58.6	77.9
2008	12.2	0.0	0.0	1.9	0.0	0.7	14.8	5.0	0.0	0.0	37.9	17.1	0.1	60.1	74.9
2009	13.1	0.0	0.0	1.9	0.0	0.7	15.7	4.6	0.0	0.0	39.3	17.7	0.1	61.7	77.5
2010	7.8	0.0	0.0	1.9	0.0	0.3	10.0	4.2	0.0	0.0	40.8	27.3	0.1	72.5	82.5

**Mid Scenario Petroleum Production Revenue Forecast
(Millions of \$)**

Alaska North Slope

Cook Inlet

Fiscal Year	Oil Royalty	Oil Severance	Conservation Tax	Gas Royalty	Gas Severance	Hazardous Rel. Fund	ANS Total	Oil Royalty	Oil Severance	Conservation Tax	Gas Royalty	Gas Severance	Hazardous Rel. Fund	Cook Inlet Total	State Total
1989	784.6	675.3	2.4	14.7	9.2	0.0	1,486.2	23.3	0.4	0.1	19.2	8.9	0.0	51.8	1,538.0
1990	887.0	867.4	2.3	17.8	10.9	26.1	1,811.5	27.7	0.1	0.1	20.6	7.4	0.6	56.5	1,867.9
1991	917.1	897.5	2.1	19.1	11.6	26.4	1,873.9	22.7	0.0	0.1	22.4	8.4	0.6	54.2	1,928.1
1992	1,025.4	972.7	2.0	20.9	12.5	24.5	2,057.8	21.1	0.0	0.1	23.7	8.7	0.5	54.1	2,111.9
1993	1,074.2	980.1	1.9	20.1	11.3	23.5	2,111.1	19.7	0.0	0.0	25.2	9.2	0.5	54.7	2,165.8
1994	1,137.5	970.3	1.8	18.7	10.1	22.9	2,161.3	18.4	0.0	0.0	26.4	9.6	0.4	54.9	2,216.2
1995	1,124.3	920.6	1.7	17.4	9.4	21.0	2,094.4	17.2	0.0	0.0	27.7	10.0	0.4	55.2	2,149.6
1996	1,052.9	822.2	1.5	16.0	8.3	18.5	1,919.3	16.0	0.0	0.0	29.1	10.4	0.4	55.8	1,975.1
1997	972.7	716.6	1.3	14.9	7.4	16.0	1,729.1	14.8	0.0	0.0	30.5	10.8	0.3	56.5	1,785.6
1998	902.2	620.5	1.1	14.4	6.9	14.1	1,559.2	13.7	0.0	0.0	36.5	17.7	0.3	68.2	1,627.4
1999	815.4	540.8	1.0	12.8	5.7	12.2	1,388.0	12.7	0.0	0.0	38.3	18.6	0.3	69.9	1,457.9
2000	727.3	451.9	0.7	11.7	5.0	10.4	1,207.0	11.7	0.0	0.0	37.8	17.0	0.2	66.8	1,273.8
2001	659.9	374.4	0.6	11.3	4.4	9.1	1,059.7	10.8	0.0	0.0	39.6	17.9	0.2	68.5	1,128.2
2002	586.2	290.3	0.5	10.0	3.4	7.8	898.2	9.9	0.0	0.0	41.5	18.7	0.2	70.4	968.6
2003	521.6	211.1	0.5	9.5	2.8	6.7	752.1	9.1	0.0	0.0	43.6	19.6	0.2	72.5	824.6
2004	471.6	155.1	0.4	8.9	2.2	5.8	644.0	8.5	0.0	0.0	45.7	20.6	0.2	74.9	718.9
2005	418.2	103.6	0.3	8.2	1.7	5.0	537.0	7.9	0.0	0.0	47.9	21.6	0.1	77.5	614.5
2006	376.5	58.6	0.3	7.4	1.2	4.4	448.4	7.3	0.0	0.0	50.3	22.7	0.1	80.3	528.7
2007	331.2	22.3	0.3	6.5	0.7	3.8	364.8	6.8	0.0	0.0	52.7	23.8	0.1	83.4	448.2
2008	251.3	4.4	0.2	5.6	0.3	2.9	264.7	6.3	0.0	0.0	55.3	24.9	0.1	86.6	351.3
2009	221.5	0.1	0.1	5.6	0.0	2.5	229.8	5.8	0.0	0.0	58.0	26.1	0.1	90.0	319.9
2010	177.8	0.1	0.0	4.7	0.0	2.0	184.6	5.4	0.0	0.0	60.8	40.7	0.1	107.0	291.7

High Scenario Petroleum Production Revenue Forecast (Millions of \$)

Alaska North Slope

Cook Inlet

Fiscal Year	Oil Royalty	Oil Severance	Conservation Tax	Gas Royalty	Gas Severance	Hazardous Rel. Fund	ANS Total	Oil Royalty	Oil Severance	Conservation Tax	Gas Royalty	Gas Severance	Hazardous Rel. Fund	Cook Inlet Total	State Total
1989	784.6	675.3	2.4	14.7	9.2	0.0	1,486.2	23.3	0.4	0.1	19.2	8.9	0.0	51.8	1,538.0
1990	1,066.8	1,043.5	2.4	24.4	15.0	27.5	2,179.6	27.7	0.1	0.1	20.6	7.4	0.6	56.5	2,236.1
1991	1,160.4	1,144.6	2.3	28.8	17.7	29.0	2,382.8	23.7	0.0	0.1	24.4	9.0	0.6	57.8	2,440.6
1992	1,287.8	1,231.9	2.2	31.4	19.1	27.6	2,599.9	22.1	0.0	0.1	26.0	9.4	0.5	58.1	2,658.0
1993	1,468.8	1,306.1	2.1	33.1	19.0	26.4	2,855.4	21.0	0.0	0.1	28.5	10.2	0.5	60.3	2,915.6
1994	1,683.9	1,471.9	2.2	34.9	19.5	27.7	3,240.1	19.9	0.0	0.0	30.5	10.8	0.4	61.6	3,301.7
1995	1,897.8	1,632.7	2.3	36.3	20.7	27.5	3,617.4	18.8	0.0	0.0	32.6	11.4	0.4	63.2	3,680.6
1996	2,000.8	1,655.2	2.2	37.2	21.0	25.6	3,742.0	17.8	0.0	0.0	35.3	12.3	0.4	65.8	3,807.9
1997	2,026.8	1,637.3	2.0	37.0	20.7	23.7	3,747.5	16.7	0.0	0.0	37.5	12.9	0.3	67.5	3,815.0
1998	2,050.3	1,612.9	1.9	36.2	20.2	22.1	3,743.6	15.7	0.0	0.0	45.9	22.2	0.3	84.1	3,827.7
1999	1,969.3	1,507.6	1.7	20.0	10.9	19.5	3,328.8	14.7	0.0	0.0	49.3	23.9	0.3	88.2	3,617.0
2000	1,874.6	1,317.9	1.4	20.2	10.7	16.8	3,241.6	13.8	0.0	0.0	49.6	22.4	0.2	86.0	3,327.6
2001	1,780.7	1,186.4	1.3	19.2	9.8	14.8	3,012.2	12.9	0.0	0.0	53.2	24.0	0.2	90.3	3,102.5
2002	1,716.5	1,056.3	1.1	19.2	9.5	13.0	2,815.6	12.1	0.0	0.0	57.0	25.7	0.2	95.1	2,910.7
2003	1,630.4	933.9	1.0	19.1	9.2	11.4	2,604.9	11.4	0.0	0.0	61.1	27.6	0.2	100.3	2,705.1
2004	1,605.3	829.5	0.9	17.3	8.0	10.1	2,471.0	10.8	0.0	0.0	65.5	29.5	0.2	106.1	2,577.1
2005	1,535.0	737.8	0.7	16.8	7.5	8.8	2,306.7	10.2	0.0	0.0	70.3	31.7	0.1	112.3	2,419.0
2006	1,586.6	655.1	0.6	16.2	6.9	7.8	2,273.1	9.7	0.0	0.0	75.3	34.0	0.1	119.1	2,392.2
2007	1,518.1	572.4	0.5	15.4	6.1	6.8	2,119.3	9.2	0.0	0.0	80.7	36.4	0.1	126.4	2,245.7
2008	1,473.4	495.4	0.4	16.4	6.2	5.9	1,997.7	8.7	0.0	0.0	86.6	39.0	0.1	134.4	2,132.1
2009	1,442.0	421.0	0.4	15.3	5.4	5.2	1,889.3	8.2	0.0	0.0	92.8	41.8	0.1	143.0	2,032.3
2010	1,486.5	332.8	0.3	16.3	5.2	4.5	1,845.6	7.8	0.0	0.0	99.5	66.7	0.1	174.1	2,019.7

**Expected and Historical Crude Oil Prices
For Alaska North Slope Crude and OPEC Marker
In 1989 dollars¹**

Fiscal Year	Low Scenario		Mid Scenario		High Scenario	
	Saudi Lt Ras Tanura	ANS at Wellhead	Saudi Lt Ras Tanura	ANS at Wellhead	Saudi Lt Ras Tanura	ANS at Wellhead
1982	42.13	25.91	42.13	25.91	42.13	25.91
1983	37.11	21.48	37.11	21.48	37.11	21.48
1984	33.52	20.91	33.52	20.91	33.52	20.91
1985	31.09	19.59	31.09	19.59	31.09	19.59
1986	24.36	13.51	24.36	13.51	24.36	13.51
1987	16.18	8.31	16.18	8.31	16.18	8.31
1988	16.75	10.98	16.75	10.98	16.75	10.98
1989	13.85	9.52	13.85	9.52	13.85	9.52
1990	14.05	9.27	14.92	10.83	15.62	12.21
1991	12.94	8.85	14.95	11.55	16.04	12.95
1992	13.08	10.75	15.08	13.15	16.12	14.15
1993	13.13	11.07	15.32	13.63	16.74	15.35
1994	13.01	11.19	15.33	13.82	16.94	15.87
1995	12.90	11.15	15.33	13.97	17.14	16.25
1996	12.83	11.15	15.40	14.13	17.41	16.72
1997	12.75	11.21	15.47	14.33	17.68	17.17
1998	12.68	11.27	15.53	14.54	17.95	17.59
1999	12.61	11.07	15.60	14.54	18.23	17.92
2000	12.54	10.84	15.67	14.51	18.52	18.19
2001	12.50	10.70	15.73	14.44	18.81	18.47
2002	12.46	10.46	15.78	14.36	19.10	18.78
2003	12.42	10.15	15.84	14.27	19.40	19.08
2004	12.39	9.80	15.90	14.17	19.70	19.38
2005	12.35	9.16	15.95	14.05	20.01	19.70
2006	12.31	7.24	16.01	13.87	20.32	20.02
2007	12.27	3.26	16.07	13.53	20.64	20.33
2008	12.23	3.63	16.13	13.12	20.96	20.64
2009	12.20	3.96	16.19	12.85	21.29	21.00
2010	12.16	4.37	16.24	12.45	21.62	21.34

¹ FY 1982 through FY 1989 are nominal dollars.

**Simulated Oil Production
(Millions of barrels/day)**

Low Scenario

Year	Prudhoe	NGL'S	Kuparuk	Millne Point	Endicott	Lisburne	Pt. Thomson	Niakuk	Pt McIntyre	Total ANS	Cook Inlet	Total Alaska
1989	1.475	0.058	0.300	0.000	0.098	0.038	0.000	0.000	0.000	1.969	0.042	2.011
1990	1.315	0.044	0.279	0.018	0.099	0.037	0.000	0.000	0.000	1.792	0.041	1.833
1991	1.184	0.038	0.255	0.026	0.097	0.019	0.000	0.000	0.000	1.619	0.037	1.656
1992	1.064	0.034	0.235	0.026	0.089	0.000	0.000	0.008	0.000	1.456	0.034	1.490
1993	0.970	0.032	0.216	0.025	0.071	0.000	0.000	0.016	0.000	1.330	0.030	1.360
1994	0.950	0.031	0.182	0.021	0.062	0.000	0.000	0.015	0.045	1.306	0.027	1.333
1995	0.900	0.030	0.156	0.018	0.058	0.000	0.000	0.015	0.045	1.222	0.024	1.246
1996	0.760	0.028	0.133	0.015	0.053	0.000	0.000	0.015	0.045	1.049	0.022	1.071
1997	0.644	0.025	0.113	0.012	0.049	0.000	0.000	0.015	0.045	0.903	0.020	0.923
1998	0.544	0.022	0.097	0.009	0.045	0.000	0.000	0.015	0.041	0.773	0.018	0.791
1999	0.460	0.012	0.081	0.000	0.040	0.000	0.000	0.015	0.039	0.647	0.016	0.663
2000	0.376	0.010	0.067	0.000	0.036	0.000	0.000	0.014	0.037	0.540	0.014	0.554
2001	0.323	0.009	0.057	0.000	0.032	0.000	0.000	0.013	0.035	0.469	0.013	0.482
2002	0.276	0.008	0.049	0.000	0.029	0.000	0.000	0.011	0.033	0.406	0.012	0.418
2003	0.237	0.007	0.042	0.000	0.026	0.000	0.000	0.008	0.032	0.352	0.012	0.364
2004	0.197	0.006	0.036	0.000	0.023	0.000	0.000	0.009	0.028	0.299	0.009	0.308
2005	0.158	0.005	0.031	0.000	0.020	0.000	0.000	0.007	0.026	0.247	0.009	0.256
2006	0.119	0.004	0.000	0.000	0.018	0.000	0.000	0.000	0.024	0.165	0.008	0.173
2007	0.047	0.003	0.000	0.000	0.000	0.000	0.000	0.000	0.022	0.072	0.007	0.079
2008	0.023	0.003	0.000	0.000	0.000	0.000	0.000	0.000	0.020	0.046	0.006	0.052
2009	0.022	0.002	0.000	0.000	0.000	0.000	0.000	0.000	0.019	0.043	0.006	0.049
2010	0.020	0.002	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.022	0.005	0.027

**Simulated Oil Production
(Millions of barrels/day)**

Mid Scenario

	Prudhoe	NGL's	Kuparuk	Milne Point	Endicott	Lisburne	Pt. Thomson	Niakuk	Pt McIntyre	Total ANS	Cook Inlet	Total Alaska
1989	1.475	0.058	0.300	0.000	0.098	0.038	0.000	0.000	0.000	1.969	0.042	2.011
1990	1.337	0.050	0.285	0.022	0.104	0.039	0.000	0.000	0.000	1.837	0.041	1.878
1991	1.216	0.047	0.265	0.031	0.106	0.040	0.000	0.000	0.000	1.705	0.037	1.742
1992	1.106	0.041	0.245	0.031	0.105	0.040	0.000	0.010	0.000	1.578	0.034	1.612
1993	1.038	0.036	0.223	0.029	0.091	0.040	0.035	0.021	0.000	1.513	0.030	1.543
1994	0.978	0.031	0.190	0.025	0.080	0.037	0.054	0.020	0.060	1.475	0.027	1.502
1995	0.902	0.027	0.164	0.021	0.075	0.033	0.053	0.020	0.060	1.355	0.024	1.379
1996	0.779	0.023	0.140	0.018	0.070	0.031	0.053	0.019	0.060	1.193	0.022	1.215
1997	0.656	0.020	0.118	0.015	0.066	0.028	0.053	0.019	0.060	1.035	0.020	1.055
1998	0.557	0.018	0.101	0.013	0.061	0.025	0.053	0.019	0.053	0.902	0.018	0.920
1999	0.475	0.015	0.091	0.000	0.055	0.021	0.054	0.020	0.053	0.784	0.016	0.800
2000	0.405	0.013	0.073	0.000	0.049	0.019	0.042	0.017	0.051	0.669	0.014	0.683
2001	0.345	0.012	0.062	0.000	0.044	0.018	0.037	0.016	0.049	0.553	0.013	0.596
2002	0.286	0.010	0.052	0.000	0.040	0.016	0.032	0.013	0.049	0.498	0.012	0.510
2003	0.239	0.009	0.045	0.000	0.036	0.014	0.028	0.010	0.047	0.428	0.012	0.440
2004	0.208	0.008	0.039	0.000	0.032	0.013	0.025	0.006	0.043	0.374	0.009	0.383
2005	0.181	0.007	0.034	0.000	0.029	0.012	0.021	0.000	0.038	0.322	0.009	0.331
2006	0.157	0.006	0.029	0.000	0.026	0.010	0.019	0.000	0.035	0.282	0.008	0.290
2007	0.136	0.005	0.024	0.000	0.022	0.009	0.017	0.000	0.032	0.245	0.007	0.252
2008	0.119	0.004	0.000	0.000	0.019	0.000	0.014	0.000	0.029	0.185	0.006	0.191
2009	0.104	0.004	0.000	0.000	0.016	0.000	0.011	0.000	0.026	0.161	0.006	0.167
2010	0.091	0.003	0.000	0.000	0.013	0.000	0.000	0.000	0.024	0.131	0.005	0.136

**Simulated Oil Production
(Millions of barrels/day)**

High Scenario

	Frudhoe	NGL's	Kuparuk	Milne Point	Endicott	Lisburne	West Sak	Pt. Thomson	Seal Island	Niakuk	Pt McIntyre	Total ANS	Cook Inlet	Total Alaska
1989	1.475	0.058	0.300	0.000	0.098	0.038	0.000	0.000	0.000	0.000	0.000	1.969	0.042	2.011
1990	1.394	0.058	0.302	0.024	0.117	0.041	0.000	0.000	0.000	0.000	0.000	1.936	0.041	1.977
1991	1.315	0.061	0.306	0.034	0.125	0.043	0.000	0.000	0.000	0.000	0.000	1.884	0.037	1.921
1992	1.220	0.056	0.296	0.035	0.122	0.043	0.007	0.000	0.000	0.016	0.000	1.795	0.034	1.829
1993	1.132	0.050	0.265	0.035	0.104	0.043	0.008	0.052	0.000	0.027	0.000	1.716	0.030	1.746
1994	1.100	0.048	0.228	0.028	0.093	0.043	0.008	0.086	0.000	0.026	0.140	1.800	0.027	1.827
1995	1.122	0.046	0.204	0.024	0.095	0.043	0.008	0.085	0.080	0.026	0.140	1.873	0.024	1.897
1996	1.030	0.043	0.181	0.020	0.093	0.041	0.026	0.085	0.120	0.026	0.140	1.805	0.022	1.827
1997	0.944	0.039	0.159	0.017	0.091	0.038	0.035	0.085	0.102	0.026	0.140	1.676	0.020	1.696
1998	0.873	0.035	0.142	0.015	0.087	0.034	0.057	0.085	0.087	0.027	0.123	1.565	0.018	1.583
1999	0.761	0.017	0.122	0.013	0.079	0.029	0.062	0.086	0.075	0.029	0.108	1.381	0.016	1.397
2000	0.648	0.016	0.102	0.012	0.071	0.027	0.093	0.076	0.064	0.023	0.095	1.227	0.014	1.241
2001	0.571	0.014	0.089	0.010	0.064	0.024	0.084	0.067	0.054	0.022	0.084	1.083	0.013	1.096
2002	0.503	0.013	0.077	0.000	0.058	0.022	0.103	0.060	0.046	0.020	0.074	0.976	0.012	0.988
2003	0.444	0.012	0.067	0.000	0.053	0.020	0.098	0.052	0.040	0.015	0.065	0.866	0.012	0.878
2004	0.392	0.010	0.059	0.000	0.047	0.019	0.121	0.046	0.034	0.012	0.057	0.797	0.009	0.806
2005	0.346	0.009	0.051	0.000	0.042	0.017	0.118	0.041	0.030	0.008	0.050	0.712	0.009	0.721
2006	0.306	0.008	0.044	0.000	0.036	0.015	0.170	0.036	0.026	0.006	0.044	0.691	0.008	0.699
2007	0.270	0.007	0.039	0.000	0.031	0.013	0.167	0.032	0.023	0.000	0.039	0.621	0.007	0.628
2008	0.238	0.007	0.034	0.000	0.027	0.012	0.166	0.028	0.020	0.000	0.034	0.566	0.006	0.572
2009	0.211	0.006	0.029	0.000	0.021	0.011	0.171	0.023	0.017	0.000	0.030	0.519	0.006	0.525
2010	0.184	0.006	0.026	0.000	0.017	0.010	0.203	0.019	0.015	0.000	0.027	0.507	0.005	0.512

IV. HISTORICAL REVENUES

This section reports on revenues collected in the past. The first table shows General Fund revenues by type from FY 1977 - 89, and breaks them into unrestricted and restricted categories. The final table shows petroleum revenues by type from statehood to the present (FY 1959 - 89).

HISTORICAL GENERAL FUND UNRESTRICTED REVENUES
- TAX PORTION -

(\$ millions)	<u>FY 77</u>	<u>FY 78</u>	<u>FY 79</u>	<u>FY 80</u>	<u>FY 81</u>	<u>FY 82</u>	<u>FY 83</u>	<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>
Corporate - General	35.8	33.5	24.8	17.9	34.8	34.8	30.3	39.5	36.0	11.2	20.5	23.4	38.0
Corporate - Petroleum	0.0	0.0	232.6	547.5	860.1	668.9	236.0	265.1	168.6	133.9	120.4	158.0	166.0
Fiduciary	.1	.1	.1	.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Individual	<u>210.4</u>	<u>145.7</u>	<u>117.2</u>	<u>100.5</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Income	246.3	179.3	374.7	666.0	894.9	703.7	266.3	304.6	204.6	145.1	140.9	181.4	204.0
Alaska Business License	23.2	21.7	28.2	4.2	5.4	5.5	6.9	19.9	38.8	2.1	1.5	1.4	1.0
Fish - Canned Salmon	3.8	5.5	6.7	4.3	5.9	8.6	4.3	5.5	5.6	3.5	0.0	0.0	0.0
Fish - Shore Based	1.9	2.3	3.3	7.6	11.0	8.7	11.5	7.1	8.3	10.1	17.5	13.8	16.1
Fish - Floating	.5	.5	1.9	2.7	3.8	5.5	4.7	6.4	4.8	7.5	9.0	8.7	10.6
Salmon Enhancement	0.0	0.0	0.0	0.0	0.0	2.4	2.6	2.2	2.6	4.3	4.4	5.8	9.5
Seafood Marketing	0.0	0.0	0.0	0.0	0.0	0.0	.9	1.1	1.0	1.1	1.4	2.7	3.3
Insurance Companies	8.1	10.0	10.8	10.4	10.6	12.5	13.8	16.2	17.5	21.1	23.7	23.7	19.4
Other	<u>1.3</u>	<u>1.6</u>	<u>1.9</u>	<u>2.1</u>	<u>1.2</u>	<u>1.4</u>	<u>1.6</u>	<u>2.0</u>	<u>2.1</u>	<u>2.2</u>	<u>2.3</u>	<u>2.4</u>	<u>3.2</u>
Total Gross Receipts	38.8	41.6	52.8	31.3	37.9	44.6	46.3	60.4	80.7	51.9	59.8	58.5	62.1
Gravel, Timber, Etc.	1.0	.8	1.7	1.6	2.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Oil & Gas Production	23.7	107.6	173.6	506.2	1169.9	1581.1	1493.0	1392.4	1388.7	1107.4	647.3	816.4	696.4
Oil & Gas Conservation	<u>.1</u>	<u>.1</u>	<u>.2</u>	<u>.3</u>	<u>.3</u>	<u>.6</u>	<u>.7</u>	<u>.7</u>	<u>.7</u>	<u>.5</u>	<u>1.2</u>	<u>2.3</u>	<u>2.4</u>
Total Severance	24.8	108.5	175.5	508.1	1172.9	1581.7	1493.7	1393.1	1389.4	1107.9	648.5	818.7	698.8
Oil & Gas	139.1	173.0	163.4	168.9	143.0	142.7	152.6	131.0	128.4	113.5	102.5	96.2	89.7
Oil & Gas Reserves	270.6	0.0	6.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Vehicle Registration	<u>0.0</u>	<u>.2</u>	<u>.2</u>	<u>.1</u>	<u>.2</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Property	409.7	173.2	163.6	169.0	143.2	142.7	152.6	131.0	128.4	113.5	102.5	96.2	89.7
Alcoholic Beverages	8.0	7.6	7.4	7.4	8.3	9.0	10.4	13.0	13.9	13.3	12.6	12.1	11.8
Fuel Taxes - Aviation	2.5	3.3	3.4	4.0	4.1	6.3	8.7	8.1	8.0	8.1	8.5	9.0	10.1
Fuel Taxes - Highway	16.7	17.9	16.3	18.9	15.6	20.3	23.7	20.2	23.7	22.7	18.3	19.3	20.0
Fuel Taxes - Marine	1.3	2.1	2.6	3.2	3.5	3.7	4.3	3.9	4.3	5.3	5.4	5.3	7.2
Tobacco Products	<u>1.8</u>	<u>1.7</u>	<u>1.7</u>	<u>1.6</u>	<u>1.7</u>	<u>1.9</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	<u>4.9</u>	<u>6.6</u>	<u>6.1</u>	<u>6.4</u>
Total Sale/Use	30.3	32.6	31.4	35.1	33.2	41.2	49.1	47.2	51.9	54.3	51.4	51.8	55.5
Estate	.2	.2	.1	.2	.5	.3	.7	.7	.5	.7	1.1	.3	.7
School	<u>2.6</u>	<u>2.4</u>	<u>2.5</u>	<u>2.6</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Other	2.8	2.6	2.6	2.8	.5	.3	.7	.7	.5	.7	1.1	.3	.7
Total Taxes	752.7	537.8	800.6	1412.3	2282.6	2514.2	2008.7	1937.0	1855.5	1473.4	1004.2	1206.9	1111.8

- NON-TAX PORTION -

(\$ millions)	<u>FY 77</u>	<u>FY 78</u>	<u>FY 79</u>	<u>FY 80</u>	<u>FY 81</u>	<u>FY 82</u>	<u>FY 83</u>	<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>
Business	5.5	6.8	7.5	8.1	9.1	10.8	10.8	10.8	11.9	11.3	10.0	8.6	8.1
Non-Business	<u>10.6</u>	<u>12.3</u>	<u>12.3</u>	<u>10.7</u>	<u>12.2</u>	<u>13.0</u>	<u>14.9</u>	<u>15.9</u>	<u>17.0</u>	<u>18.0</u>	<u>19.2</u>	<u>19.7</u>	<u>20.2</u>
Total Licenses & Permits	16.1	19.1	19.8	18.8	21.3	23.8	25.7	26.7	28.9	29.3	29.2	28.3	28.3
<u>Intergovernmental Receipts</u>													
Federal Shared Revenues	2.5	3.6	4.1	4.8	8.5	21.7	33.3	14.0	10.5	14.5	9.7	6.9	6.1
<u>State Resource Revenue</u>													
Bonus Sales	0.0	0.0	0.0	342.4	7.6	5.0	36.2	10.1	11.5	34.7	.5	5.6	11.4
Investment Earnings	34.8	44.2	59.2	119.9	227.8	324.7	375.8	282.7	233.5	195.2	161.9	132.6	100.7
Rents	3.4	2.3	2.1	3.0	5.4	3.5	4.3	6.0	5.1	6.2	6.0	6.0	5.3
Royalties	34.3	149.6	249.2	688.2	1118.5	1157.3	1078.4	1047.5	1034.0	830.7	439.3	694.8	605.9
Sale of State Property	1.8	1.9	8.4	5.7	4.8	5.2	6.3	7.0	8.5	8.7	7.0	3.8	4.9
Gravel, Timber, etc.	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>1.2</u>	<u>4.0</u>	<u>2.9</u>	<u>3.1</u>	<u>2.9</u>	<u>7.2</u>	<u>1.1</u>	<u>.5</u>
Total Sale/Use	74.3	198.0	318.9	1159.2	1364.1	1496.9	1505.0	1356.2	1295.7	1078.4	621.9	843.9	728.7
Airports	.7	.8	.9	.8	1.1	1.6	1.4	1.5	1.6	1.5	1.5	1.8	1.2
Ferry System—SE	15.4	14.0	17.1	18.7	21.0	25.2	26.4	28.5	29.6	28.5	27.5	26.0	29.3
Ferry System—SW	1.5	1.6	1.8	2.4	3.4	4.0	4.0	3.5	3.8	3.8	3.8	3.8	3.8
Other	<u>2.7</u>	<u>4.0</u>	<u>3.1</u>	<u>4.1</u>	<u>3.7</u>	<u>3.6</u>	<u>5.5</u>	<u>4.3</u>	<u>7.9</u>	<u>5.2</u>	<u>4.1</u>	<u>.7</u>	<u>1.4</u>
Total Facilities Charges	20.3	20.4	22.9	26.0	29.2	34.4	37.3	37.8	42.9	39.0	36.9	32.3	35.7
Court System	3.6	2.8	2.8	2.8	2.9	3.5	4.2	4.1	4.5	5.1	5.3	5.5	6.0
Other	<u>.9</u>	<u>1.7</u>	<u>2.3</u>	<u>2.0</u>	<u>4.1</u>	<u>6.1</u>	<u>5.9</u>	<u>4.8</u>	<u>5.2</u>	<u>4.1</u>	<u>4.8</u>	<u>2.0</u>	<u>1.9</u>
Total Services Charges	4.5	4.5	5.1	4.8	7.0	9.6	10.1	8.9	9.7	9.2	10.1	7.5	7.9
Total State Resource Revenue	99.1	222.9	346.9	1190.0	1400.3	1540.9	1552.4	1402.9	1348.3	1126.6	668.9	883.7	772.3
Miscellaneous Revenue	3.9	3.9	7.2	6.7	5.5	7.8	10.9	9.5	16.8	13.0	16.9	16.1	10.0
Sub-Total Non-Tax Revenue	121.6	249.5	378.0	1220.3	1435.6	1594.2	1622.3	1453.1	1404.5	1183.4	724.7	935.0	816.7
Less: Native Claims		22.4	45.6	131.4									
Plus: Settlements									418.7	70.5	163.9	257.7	
Total Non-Tax Revenue	121.6	227.1	332.4	1088.9	1435.6	1594.2	1622.3	1453.1	1404.5	1602.1	795.2	1098.9	1074.4
Total Tax Revenue	752.7	537.8	800.6	1412.3	2282.6	2514.2	2008.7	1937.0	1855.5	1473.4	1004.2	1206.9	1111.8
Total General Fund Unrestricted Revenue	874.3	764.9	1133.0	2501.2	3718.2	4108.4	3631.0	3390.1	3260.0	3075.5	1799.4	2305.8	2186.2

**HISTORICAL RESTRICTED REVENUES
AND TOTAL GENERAL FUND REVENUES**

(\$ millions)	<u>FY 77</u>	<u>FY 78</u>	<u>FY 79</u>	<u>FY 80</u>	<u>FY 81</u>	<u>FY 82</u>	<u>FY 83</u>	<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>
Federal Grants-In-Aid													
Education	26.7	27.3	27.8	30.7	33.0	25.7	33.8	44.8	76.2	42.0	78.0	54.2	73.3
Social Services	48.9	57.7	57.8	60.0	68.7	60.4	80.7	91.2	100.7	125.2	156.4	154.2	167.4
Health	3.0	15.6	15.4	21.4	26.5	27.1	11.9	10.0	12.5	3.2	3.6	3.4	3.9
Natural Resources	5.4	7.9	10.1	6.5	8.3	12.4	15.0	14.2	18.1	17.9	27.8	28.4	30.0
Public Protection/Admin. of Justice	5.7	7.1	8.4	7.4	7.1	5.5	5.7	6.6	7.5	7.7	15.0	10.3	12.4
Development/Gen. Government	2.7	1.4	2.3	2.8	7.9	4.9	8.6	8.1	6.6	9.3	5.0	7.6	7.8
Transportation	<u>119.1</u>	<u>121.6</u>	<u>84.6</u>	<u>69.5</u>	<u>39.9</u>	<u>22.5</u>	<u>11.0</u>	<u>67.7</u>	<u>110.9</u>	<u>88.5</u>	<u>169.8</u>	<u>185.3</u>	<u>195.8</u>
Total	211.5	238.6	206.4	198.3	191.4	158.5	166.7	242.6	332.5	293.8	455.6	443.4	490.6
Other Grants-In-Aid													
Education	.8	.3	.5	1.6	.8	.9	1.0	1.1	1.3	1.4	1.3	2.0	2.3
Health/Social Services	1.5	2.6	1.2	.5	.2	.3	.4	.4	3.8	4.3	8.5	9.1	6.5
Natural Resources	2.1	1.4	1.2	.6	2.4	1.4	1.0	.9	.9	1.4	2.3	6.0	6.2
Public Protection/Admin. of Justice	.4	1.7	1.9	1.8	1.9	1.9	2.4	3.1	.9	2.0	5.7	5.1	5.3
Development/Gen. Government	.9	1.3	1.6	4.1	2.6	3.3	5.3	15.6	6.5	3.6	3.8	5.2	14.0
Transportation	<u>1.8</u>	<u>1.0</u>	<u>1.1</u>	<u>1.0</u>	<u>1.6</u>	<u>2.5</u>	<u>.9</u>	<u>1.2</u>	<u>3.5</u>	<u>.8</u>	<u>1.1</u>	<u>.7</u>	<u>1.0</u>
Total	7.5	8.3	7.5	9.6	9.5	10.3	11.0	22.3	16.9	13.5	22.7	28.1	35.3
Miscellaneous Restricted Revenue	3.1	.9	3.2	5.7	8.1	7.0	15.7	9.8	16.9	16.4	15.8	3.7	20.8
Total Restricted Revenue	222.1	247.8	217.1	213.6	209.0	175.8	193.4	274.7	366.3	323.7	494.1	475.2	546.7
Total Unrestricted Revenue	874.3	764.9	1133.0	2501.2	3718.2	4108.4	3631.0	3390.1	3260.0	3075.5	1799.4	2305.8	2186.2
Total General Fund Revenue	1096.4	1012.7	1350.1	2714.8	3927.2	4284.2	3824.4	3664.8	3626.3	3399.2	2293.5	2781.0	2732.9

Source: Department of Revenue, Revenue Sources FY 1977 - FY 1989. Updated November 1989.

HISTORICAL PETROLEUM REVENUES
(Millions of Dollars)

FY	Corporate		Oil/Gas	Property	Reserve	Fed. Min.	Bonus	Rents	Royalties	Oil/Gas	Total	Total G.F.	% of Total
	Non-Petroleum	Petroleum	Severance							Special			
			Tax	Tax	Tax	Rents & Royalties (1)	Sales	(1)	(1)	Settlements	Revenues	Revenues	Revenues
59	1.4					3.1					3.1	25.4	12
60	1.7					5.8	4.0	.1			9.9	48.0	21
61	1.4					2.4	1.6	.2			4.2	40.5	10
62	1.8		.2			4.5	20.3	1.0			26.0	68.9	38
63	2.2		.3			8.6	17.9	1.0			27.8	71.6	39
64	1.8		.3			8.7	4.7	1.2			14.9	67.0	22
65	1.9		.3			8.3	5.9	1.9	.1		16.5	83.0	20
66	4.1		.3			7.7	10.8	2.5	.3		21.6	86.5	25
67	3.5		.5			7.7	8.6	2.8	1.9		21.5	86.6	25
68	3.8	.1	1.2			7.5	21.8	2.9	9.5		43.0	112.7	38
69	4.2	.1	5.6			7.8	.8	3.3	16.9		34.5	112.4	31
70	4.9	.4	7.9			8.2	900.0	3.1	19.3		938.9	1067.3	88
71	5.2	.9	10.5			8.6	.2	2.9	23.9		47.0	220.4	21
72	5.3	1.2	11.4			7.9	.3	3.0	24.6		48.4	219.2	22
73	5.9	.9	12.0			6.7	3.8	3.4	23.5		50.3	208.2	24
74	7.0	1.2	14.8			7.1	24.8	3.6	28.7		80.2	254.9	31
75	14.8	2.5	26.6	6.6		9.8	1.0	3.9	40.0		90.4	333.4	27
76	26.2	4.9	28.0	83.4	223.1	5.1		3.7	43.3		391.5	709.8	55
77	30.8	5.0	23.8	139.1	270.6	2.0*		2.8*	34.3*		477.6*	874.3	55
78	25.1	8.4	107.7	173.0		1.0*		1.8*	149.6*		441.5*	764.9	58
79	24.8	232.6	173.8	163.4		1.0*		1.6*	249.2*		821.6*	1133.0	73
80	17.9	547.5	506.5	168.9		1.2*	342.4*	1.8*	688.2*		2256.5*	2501.0	90
81	34.8	860.1	1170.2	143.0		1.2*	7.6*	3.7*	1118.5*		3304.3*	3718.2	89
82	34.8	668.9	1581.7	142.7		17.1*	5.0*	2.1*	1157.3*		3574.8*	4108.4	87
83	30.1	236.0	1493.7	152.6		27.2*	36.2*	2.5*	1078.4*		3026.6*	3631.0	83
84	39.5	265.1	1393.1	131.0		11.0*	10.1*	3.8*	1047.5*		2861.6*	3390.1	84
85	36.0	168.6	1389.4	128.4		8.2*	11.5*	3.4*	1034.0*		2743.5*	3260.0	84
86	11.2	133.9	1108.4	113.5		14.3*	34.7*	4.2*	830.7*	418.2*	2657.9*	3075.5	86
87	20.5	120.4	648.5	102.5		9.0*	.5*	3.8*	439.3*	70.5*	1394.5*	1799.4	77
88	23.4	158.0	818.7	96.2		6.7*	5.6*	5.7*	694.8*	163.9*	1949.6*	2305.8	85
89	38.0	166.0	698.8	89.7		5.6*	11.4*	5.3*	605.9*	257.7*	1840.4*	2186.2	84

* Net of Permanent Fund contribution.

1) These categories are primarily composed of oil/gas revenues; however, includes some additional revenues from other minerals (mostly coal).

CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

HISTORICAL PETROLEUM REVENUES
(Millions of Dollars)

FY	Corporate		Oil/Gas	Property Tax	Reserve Tax	Fed. Min. Rents & Royalties (1)	Bonus Sales	Rents (1)	Royalties (1)	Oil/Gas Special Settlements	Total Petroleum Revenues	Total G.F. Unrestricted Revenues	% of Total Unrestricted Revenues
	Non-Petroleum	Petroleum	Severance Tax										
59	1.4					3.1					3.1	25.4	12
60	1.7					5.8	4.0	.1			9.9	48.0	21
61	1.4					2.4	1.6	.2			4.2	40.5	10
62	1.8		.2			4.5	20.3	1.0			26.0	68.9	38
63	2.2		.3			8.6	17.9	1.0			27.8	71.6	39
64	1.8		.3			8.7	4.7	1.2			14.9	67.0	22
65	1.9		.3			8.3	5.9	1.9	.1		16.5	83.0	20
66	4.1		.3			7.7	10.8	2.5	.3		21.6	86.5	25
67	3.5		.5			7.7	8.6	2.8	1.9		21.5	86.6	25
68	3.8	.1	1.2			7.5	21.8	2.9	9.5		43.0	112.7	38
69	4.2	.1	5.6			7.8	.8	3.3	16.9		34.5	112.4	31
70	4.9	.4	7.9			8.2	900.0	3.1	19.3		938.9	1067.3	88
71	5.2	.9	10.5			8.6	.2	2.9	23.9		47.0	220.4	21
72	5.3	1.2	11.4			7.9	.3	3.0	24.6		48.4	219.2	22
73	5.9	.9	12.0			6.7	3.8	3.4	23.5		50.3	208.2	24
74	7.0	1.2	14.8			7.1	24.8	3.6	28.7		80.2	254.9	31
75	14.8	2.5	26.6	6.6		9.8	1.0	3.9	40.0		90.4	333.4	27
76	26.2	4.9	28.0	83.4	223.1	5.1		3.7	43.3		391.5	709.8	55
77	30.8	5.0	23.8	139.1	270.6	2.0*		2.8*	34.3*		477.6*	874.3	55
78	25.1	8.4	107.7	173.0		1.0*		1.8*	149.6*		441.5*	764.9	58
79	24.8	232.6	173.8	163.4		1.0*		1.6*	249.2*		821.6*	1133.0	73
80	17.9	547.5	506.5	168.9		1.2*	342.4*	1.8*	688.2*		2256.5*	2501.2	90
81	34.8	860.1	1170.2	143.0		1.2*	7.6*	3.7*	1118.5*		3304.3*	3718.2	89
82	34.8	668.9	1581.7	142.7		17.1*	5.0*	2.1*	1157.3*		3574.8*	4108.4	87
83	30.1	236.0	1493.7	152.6		27.2*	36.2*	2.5*	1078.4*		3026.6*	3631.0	83
84	39.5	265.1	1393.1	131.0		11.0*	10.1*	3.8*	1047.5*		2861.6*	3390.1	84
85	36.0	168.6	1389.4	128.4		8.2*	11.5*	3.4*	1034.0*		2743.5*	3260.0	84
86	11.2	133.9	1108.4	113.5		14.3*	34.7*	4.2*	830.7*	418.2*	2657.9*	3075.5	86
87	20.5	120.4	648.5	102.5		9.0*	.5*	3.8*	439.3*	70.5*	1394.5*	1799.4	77
88	23.4	158.0	818.7	96.2		6.7*	5.6*	5.7*	694.8*	163.9*	1949.6*	2305.8	85
89	38.0	166.0	698.8	89.7		5.6*	11.4*	5.3*	605.9*	257.7*	1840.4*	2186.2	84

* Net of Permanent Fund contribution.

(1) These categories are primarily composed of oil/gas revenues; however, includes some additional revenues from other minerals (mostly coal).

In accordance with 37.07.060(b)(4), Revenue Sources is compiled annually to assist the Governor in formulating a proposed comprehensive financial plan for presentation to the State Legislature. Since fiscal year (FY) 1975, responsibility for compiling and publishing this summary of State Revenues has come under the Department of Revenue's jurisdiction. Within the publication are shown prior year actuals, revised current year estimates, and upcoming year projections.

Anticipated State income is projected through the use of a number of data sources: 1) econometric models developed by the Department of Revenue to forecast unrestricted non-petroleum revenues, 2) a petroleum revenue model created by the Department's Oil and Gas Audit Division, and 3) estimates from individual State agencies.

The Department of Revenue thanks the various State agencies for their cooperation in computing anticipated revenues for publication in this document.

The Case Against Income Taxes



BY REP. TERRY MARTIN

THE CASE AGAINST INCOME TAXES

By Rep. Terry Martin

They say it was individual pride of achievement that developed Alaska. The miracle of Alaska was forged when men's and women's dreams put on work clothes and the pioneers set forth armed only with self-esteem, ambition and resolve to compete and excel on their own.

How ironic it is today that some of these same people or their children are demanding cash handouts because they arrived first.

Edward Gibbon wrote about the Athenians, "They wanted comfortable life and they lost it all - security, comfort and freedom. When they finally wanted not to give to society, but for society to give to them; when the freedom they worked for was freedom from responsibility, Athens ceased to be free and was never free again." They learned that when the people failed to exercise their control over government, the public servants turned to public masters.

The question is - When does a welfare state destroy the free society that established it? For, it is the sober truth that, as long as government cares for the people, the people will not care for themselves. Some great societies of the past - Rome, Athens, Great Britain - there people have learned that nothing is free; that socialism pulls few up, but drags many down. And a totally unnecessary tax, used to prop up such a system, is nothing more than punishment for working.

Whenever the government spends or taxes a single dollar more than it needs, it sprouts another seed of poisonous inflation.

Looking to government for "security" destroys the self-reliance that built America and Alaska. You cannot vote yourself security - you must earn it. And you cannot bribe poverty to go away - you must work it to death.

The encouragement of pressure groups to "get theirs" at the expense of the working people - by threatening elected officials with defeat - will destroy the self-reliant class and the will to achieve. If the state legislature had more confidence in a hard-work, free-enterprise future than in a cash-for-vote present, there would be a glorious Alaskan future, and it could start now.

We have already indirectly paid a tax to the state by paying for the high cost of oil. The state saved these taxes in the name of the Permanent Fund.

There will always be some indigent, sick or old who cannot produce; they must be taken care of by the rest of us, of course. But that is charity, which is right; not security, which is not a right, but is of our own individual doing, earned by our hard work.

INCOME TAX

The first income tax, in the modern sense, was imposed in England by William Pitt in 1799 to help pay for the wars with Napoleon. It was abolished after the peace of Amiens in 1802. The following year, when war again broke out with France, the tax was reimposed. After Waterloo, it was again abolished. Then, in 1842, the British government adopted the income tax as a permanent feature of its revenue system.

In 1861, the United States government levied a tax on income for the first time in its history. All income in excess of \$800.00 was taxed at a 3 percent rate. This wartime tax was abolished after the Civil War was over.

The 16th amendment to the constitution, legalizing federal income taxes as a permanent fund-raising device, was adopted in 1913. It began as an amendment to a bill in Congress lowering the tariff on imports. The idea was that the small deficit from reduced tariff receipts could be taken care of by a tiny tax on prosperous incomes. On incomes from \$4,000 to \$20,000 the bite was one percent. Few people made more than \$4,000 per year back then, and that amount had the buying power of at least \$42,000.00 in today's dollars. So, since the tax didn't effect most Americans, few opposed the idea. It didn't seem important.

Well, what started this whole tariff business, anyway? When the Moors were masters of Spain, their ships would lie in wait for merchant vessels coming through the Straits of Gibraltar bound for Italy, Greece and Egypt. The Moors were no fools, and instead of plundering the vessels, they levied a sort of blackmail, with a fixed scale of payment based on the value of the cargo. This amount was determined at their port of Tarifa; thus originated the word "tariff." Some people still think a tariff is a form of piracy, even after all these years of government sanction.

The history of Alaska's tax system has been described as follows by Claus M. Naske, a professor of history at UA-F:

"Territorial Alaska's tax system consisted of a conglomeration of heterogenous taxes imposed by both Congress and the territorial Legislature for different purposes, on different bases, with many forms of rate schedules and a variety of administrative provisions.

"Congress imposed the first taxes in response to the gold rushes of the late 1890's. In 1899, it passed a criminal code and code of criminal procedure that, among other things, imposed some 43 license taxes on specific businesses.

"Congress passed the second Organic Act in 1912, which, among other things, gave Alaska a territorial Legislature to meet biennially. Between 1913 and 1948, the Legislature developed a tax system of its own. It consisted of a number of taxes and fees levied on the fisheries and mining industries, Alaska's two major economic activities.

"There also was an inheritance tax as well as a patchwork quilt of miscellaneous business, professional, and occupational taxes and fees. In addition, the territory also participated in the Federal Social Security Program on the same basis as the contiguous states, and after World War II, at the urging of Territorial Governor Ernest Gruening, the territorial Legislature provided a generous Veteran's Loan and Bonus Program financed by a general sales tax, 1 percent on retail and 0.5 percent on wholesale sales."

"Still another character of the system then (and now) was the narrowness of the tax base. For example, the territorial tax commissioner reported that during the calendar years 1947 and 1948, some 91.25 percent of the tax revenues collected came from a mere five sources. The salmon industry contributed 21.25 percent, liquor excise taxes 21.31 percent, motor fuel and motor vehicles 15.65 percent, gross sales tax 28.8 percent, and the school head tax 4.12 percent."

"Territorial residents had the habit of asking Congress for providing funds for any number of services. The federal government maintained Alaska's judicial system, managed its fish and game resources, paid the salaries and expenses of the territorial Legislature, built its roads, trails and tramways and educated its Native children. The territory, it is true, made some minor annual contributions to some of these programs. By and large, however, the territory's hardy pioneers expected Uncle Sam to foot the bill for most activities normally conducted and paid for by territorial and local government."

"Governor Gruening battled for 10 years, from 1939 until 1949, for a modern tax system. Finally, in the latter year, [the] Legislature passed a modern tax system, including a personal income tax."

This income tax was in effect until it was repealed by the State Legislature in 1980. In today's debate concerning the reimposition of this tax, people seem to have forgotten that they used to pay state income tax, and how big a bite it took. That was and always should be the first direct share or bonus Alaskans receive as sharing the state's wealth from oil revenues. Those who are working can look at their paycheck and see \$0.00 taken out for state taxes.

All working Alaskan can compute their weekly or monthly dividend simply by multiplying their Federal withholding tax by 16%, the amount of the tax at the time of its repeal. You may want to see your total tax dividends over the years since 1979. To do this, just add up your gross federal income tax for the last eight years, and determine an additional 16% that would have gone to the State coffers.

The working people of Alaska have saved more than \$1.9 billion in state income taxes since the taxes were repealed in 1980. On the other hand, all persons, six months into conception or older, have received a total of just under \$1 billion in permanent fund dividend checks.

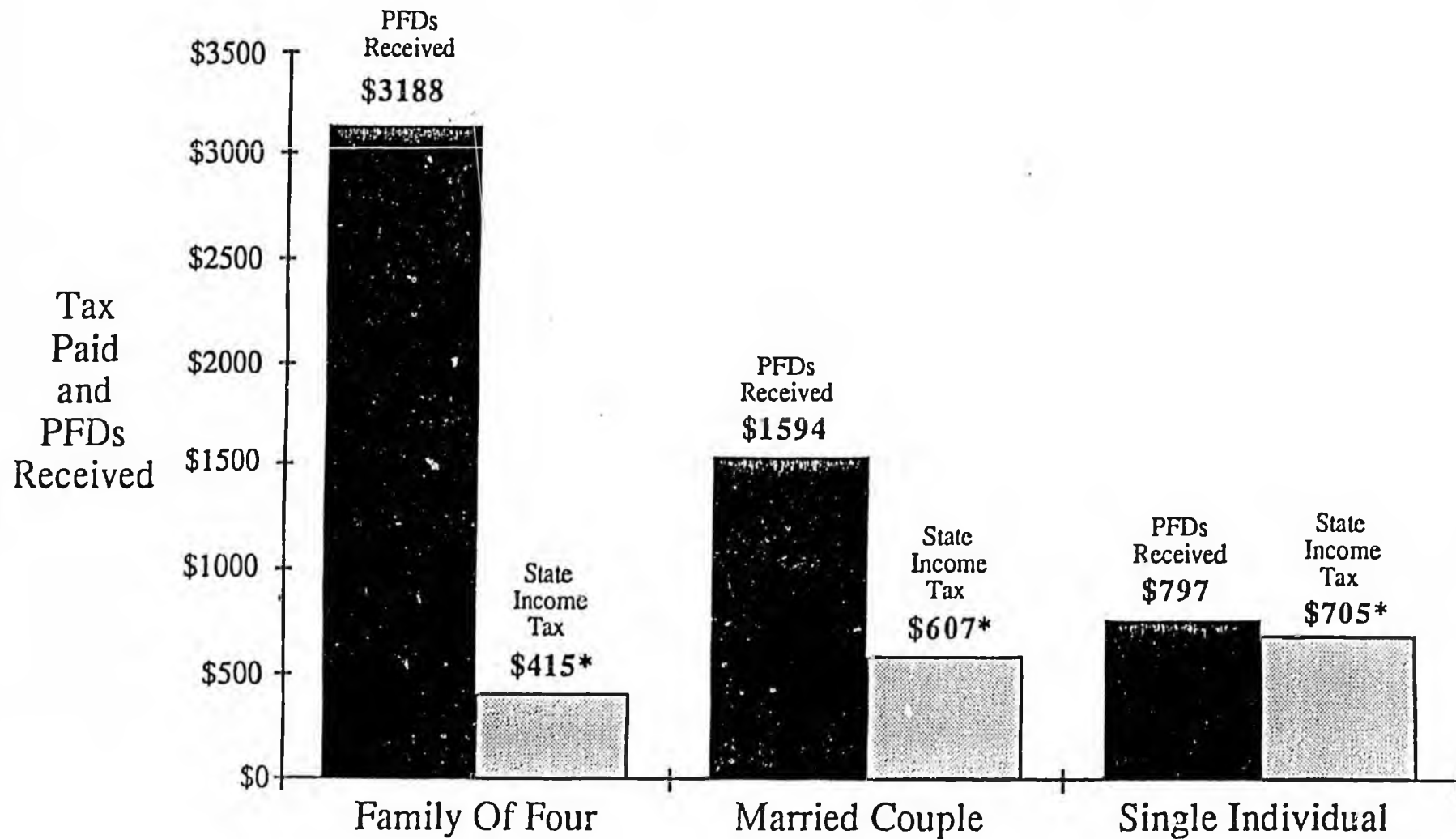
Proponents of reimposing the income tax argue that, at 4% the tax would be on par with what other states levy. But they overlook the fact that with a much higher per capita income, at \$17,700, Alaskans would end up paying more in hard dollars.

Figure No. 1 is a graph devised by the Governor's Office of Management and Budget, and purports to compare the income various family groupings would receive from the permanent fund to the amount they would pay in personal income tax. The idea behind it is to graphically illustrate how well-off taxpayers will be with the PFD offsetting their taxes. This graph is quite misleading. Remember, you must first include the total PFD received in your gross income, which causes your taxes to increase. Since the tax on the PFD is not withheld, you will pay, either by receiving a smaller federal refund, or by sending in a bigger check with your 1040 form.

The chart is further misleading, especially for single individuals who must pay federal taxes on their PFD first, at an average of \$15 per \$100, or from a \$800 PFD check, subtract \$120.00. In this case, the individual may receive \$680.00 clear after federal taxes, but would still have to pay \$705 to the state income tax.

Next, misguided assumptions are used to lead families and married couples into accepting the tax, instead of reducing the size of the PFD checks. The major misconception is not taking reality into computation. In the highest percentage of cases for families in Alaska both parents, or both partners in a married couple, are working. Instances where a multi-member

How Does The Tax On \$25,000 Income Compare With PF Dividends Received ?



* Net tax will be lower because state tax is an allowable deduction in figuring federal tax liability. Oct. 1988 dividend estimated by PF Corp. OMB/Division of Policy, 3/12/87.

FIGURE No. 1

family unit has only one breadwinner are clearly the exception, not the rule.

So, in computing how your family will actually advance in total income, be sure you include the tax to be paid by each working member of the family, and subtract it from the total dividends received.

The second major factor to be aware of is that these comparisons are made on tax levels of 3.2% and 5.7%. Once the tax is into law, how quickly will it rise? If the most recent state tax level of 16% is used, how then does your gross tax level compare with PFD income?

When one considers the tremendous amount of revenue the State of Alaska will receive during FY 1988 (more than \$3 billion) it is illogical, irrational, unnecessary and, most important, unjustifiable to tax the working people of this state. Should we reduce the workers of Alaska to slavery to a government that has billions of dollars in savings, and gives out hundreds of millions of dollars for every conceivable purpose?

Last year, 539,000 people applied for permanent fund dividend checks. Of that group, approximately 200,000 would pay an income tax, if enacted. Remember, only working people pay taxes. For 1987, it is proposed that \$364 million be given out in dividend checks. The average taxpayer would have to pay \$1820 to equal this giveaway. This is 10% of the average wage earned in Alaska.

Is it really fair, logical or economically sound to give 184,000 children checks for \$775 each while taxing their parents twice or three times that amount? This is no way to secure the happiness of the people. You are going to tax mom and dad just to give the kids a dividend check. It used to be the responsibility of the parents to give their children an allowance. Now we are telling the children that from now on they shouldn't bug mom and dad about an allowance - just talk to your legislator. In most cases, with both parents working and considering a high percentage of single parents working in Alaska, there will be no net gain from the dividend checks, because the taxes will be higher than the dividends.

Let's compare taxing the working class to giving \$3000 to everyone over 65. Is it really fair - and of what government purpose - to tax a single parent who is barely making ends meet, while giving a bonus to retired persons who in more than 25% of cases have larger incomes. The average per capita income for Alaska in 1985 was \$18,187. Under the latest proposal of the present administration, all persons over 65 with an income of less than \$25,000 would receive a bonus (plus, of course, their permanent fund dividend check). However, all working people making more than \$12,000 would be

taxed - which would go to someone who is drawing a higher income in retirement. Of the 16,455 senior citizens who, as of March 1, 1987, are receiving \$3,000 each, 4,113 have incomes of \$25,000 or more. It would take more than 24,000 taxpayers, at \$500 each, just to pay \$12,339,000 for this group whose incomes already exceed the average Alaskans annual wage. This amounts to stealing from the have-nots to give to those who have enough. Some who are proposing this unjustified tax on the people who toil for their bread (so others can eat it) must realize the burden you are placing on the people who can least afford it. When legislators impose an unnecessary tax on the state's citizens, we hurt hundreds of thousands of people. This is especially true when we try to regulate human behavior - force charity - as we envision ourselves the redistributors of personal income.

Can the working people of Alaska carry the increased burden of government spending to support the demands of a large non-working segment of our state that demands not only unnecessary services, but in addition, enormous amounts of cold cash to elevate their buying power. I find no reason why we must concern ourselves with the redistribution of the working people's personal income while we continue to give out hundreds of millions of dollars to every citizen who did nothing to earn it.

Now the question is, "How many non-workers can the workers support?" We have to know where the line of refusal to support stops in our system. Maybe it runs until it becomes impossible for the workers any longer to handle the job. Are we approaching the breaking point? Here are some of the figures for people who help increase the costs of government, but contribute little to pay those costs: 184,000 under the age of 19; 16,000 college students; 35,000 seniors over the age of 65, 3/4 of whom have no tax liability; 3,386 inmates in the state correction system; 23,000 military personnel; 22,000 average per year unemployed - all receive permanent fund dividend checks.

Taxing the working class and giving the revenues to the non-working segment of a population is the worst sort of inflation a state government can put into the economy.

An interesting side note to this issue is that under the permanent fund dividend program "hold harmless" provisions, the state will pay \$8.5 million in federal income taxes on the behalf of certain low income PFD recipients to ensure that they will not exceed their low income limits, and thereby become ineligible for federal government programs they are currently covered by. An additional \$5 million plus is allocated by the state to pay federal taxes under the hold harmless benefit for recipients of the longevity bonus, who would become ineligible for programs such as medicaid with the additional income.

Of course, these hold harmless provisions are just two of tax exemption benefits allowed certain groups of people. Another well-known state subsidy is the payment of \$3 million in property taxes to municipalities on behalf of senior citizens.

Too many of my colleagues are crawling all over each other to be canonized as the patron saint of the permanent fund dividend program. They fail to see that the income tax they propose will take away any dividend the working class has coming. The new tax form the department of revenue would send to each taxpayer makes this very clear by telling the taxpayer to subtract the dividend credit from their tax liability. The department also estimates a rebate to the state of \$16.6 million from the dividends. Even worse, families earning more than \$25,000 for single taxpayers or \$40,000 for joint statements, will be deprived of the income of their children's dividend checks. Families (including children) who keep their income below \$12,000 a year will receive a full dividend check.

Emotional slogans are useful for rallying people to a cause, but slogans are no substitute for thought. Take, for instance, "we must have an income tax to make the non-resident worker pay for working in the state." The department of revenue, in a hypothetical case, analyzed that a \$300 million income tax scenario would only bring in \$17 million from out of state workers. Does it make sense, then, to tax ourselves \$283 million just to get \$17 million? Resident workers would pay 95% of the tax, while out-of-staters would pay 5%.

Another rationale for paying state income taxes is that they can be deducted from your federal tax. Because we have no state income tax, \$86 million stays with the federal government each year (out of \$399 million in federal taxes paid by Alaskans). This is termed the "federal tax leakage." In other words, if we had a state income tax, 22 cents out of every dollar in income tax paid to the IRS would stay in the state. Does it make sense to tax the working class \$316 million to save the \$86 million? If this is the case, then the same logic should apply to other leakages to the federal government. Why not stop giving out permanent fund dividends and save that \$73 million leakage? Is this not a reasonable trade-off? And who will benefit? - the working people. With the PFD check increasing each year, the federal tax leakage will dramatically increase. This year, close to \$100 million will go to the federal government.

I really cannot blame the Juneau representative for pushing for a state income tax, because the program itself would employ, at a minimum, 92 new people with a payroll of at least \$3.5 million (and an enormous start-up cost with new machinery and office space required). At the same time, we

will still be employing 71 people to give out the dividend checks.

Currently, state employees and teachers across the state are complaining about forced salary cuts. However, many of them also say they support an income tax. I am bewildered by their rationalization. Don't they realize that an income tax is also a reduction in their wages? As everyone has shared equally in the wealth of Alaska through the PFD checks, so everyone should also be willing to share equally in the loss through a reduction in the PFD. With an income tax, working people are being forced to take too great a portion of the burden in replacing the lost revenues.

Others who advocate reimposing the state income tax say people were more interested in government when they paid taxes. This is really grabbing at straws, and is not borne out by the facts. Figure No. 2 shows that the public's participation in government, in terms of percentages of people who voted, has risen since the end of the income tax in 1980. I find people even more interested today in protecting their pocketbooks from the government.

We should consider the tax revolt fever going on all over the nation. Take a hint from the state of Michigan, where the people recalled five Democrat State Senators who voted to increase their income taxes, and replaced them with conservative Republicans. I wouldn't be surprised to find a lot of requests for recall procedures in this state, to be used on those who pass any bill for a new income tax.

A new cliché was introduced to rationalize an income tax, namely "Representation without taxation." I see nothing wrong with this. That's the way our country operated for more than 126 years, except for a brief period during the Civil War. What is really bad and certainly constitutionally questionable, is taxation without equal representation. Alaska is the only state where a simple majority in the Legislature can impose a tax on its citizens. This means 21 members in the House of Representatives, and 11 members of the Senate. Because our state is so mal-apportioned, the majority of legislators do not represent the majority of the citizens, which bears out Lord Acton's famous aphorism, "Power tends to corrupt: absolute power corrupts absolutely." Figure No. 3 illustrates the extent to which Alaskan voting districts have been jerrymandered out of proportion. While an ideal district would consist of just under 7500 registered voters, some districts now contain as few as 5500, while others have ballooned up to almost twice that amount.

No other state allows a simple majority of the legislature to increase taxes on the citizens. Most states, by their constitution or state laws, require a 2/3 or 3/4 majority, and one state even requires 4/5 of each house before a tax

Below is a brief table which reflects the number of registered voters and the number of registered voters who actually cast ballots in the last ten year period.

YEAR	# OF REGISTERED VOTERS	% OF CHANGE OVER PREVIOUS YEAR	VOTES ACTUALLY CAST IN PRIMARY	% OF REGISTERED VOTERS WHO VOTED IN PRIMARY	% OF REGISTERED VOTERS WHO VOTED IN GENERAL
1974	162,876		84,585	51.9%	60.1%
1976	193,546	16%	55,233	28.5%	61.7%
1978	224,118	14%	108,057	48.2%	54.3%
1980	242,898	8%	102,409	42.2%	62.8%
1982	241,357	-1%	139,133	57.6%	74.9%
1984	278,665	13%	97,837	35.1%	70.0%
*1986	280,351 (As of 8/5/86)	1%			

- As of July 1, 1984, Alaska's population had reached approximately 523,000.
- According to the 1980 Census, approximately 67.5% of Alaska's population was of voting age.
- Using the 67.5% estimate as a basis for determining the approximate number of voting age individuals, it would indicate the voting age population in Alaska at about 353,025.

	APPROXIMATE ELIGIBLE POPULATION	REGISTERED VOTERS	% OF ELIGIBLE POPULATION REGISTERED
1983	344,250	254,785	74%
1984	353,025	278,665	78%

*1986 Population Data is not yet available.

FIGURE No. 2

Disparities in Number of Registered Voters Per House Seat
 Division of Elections Count April 1987

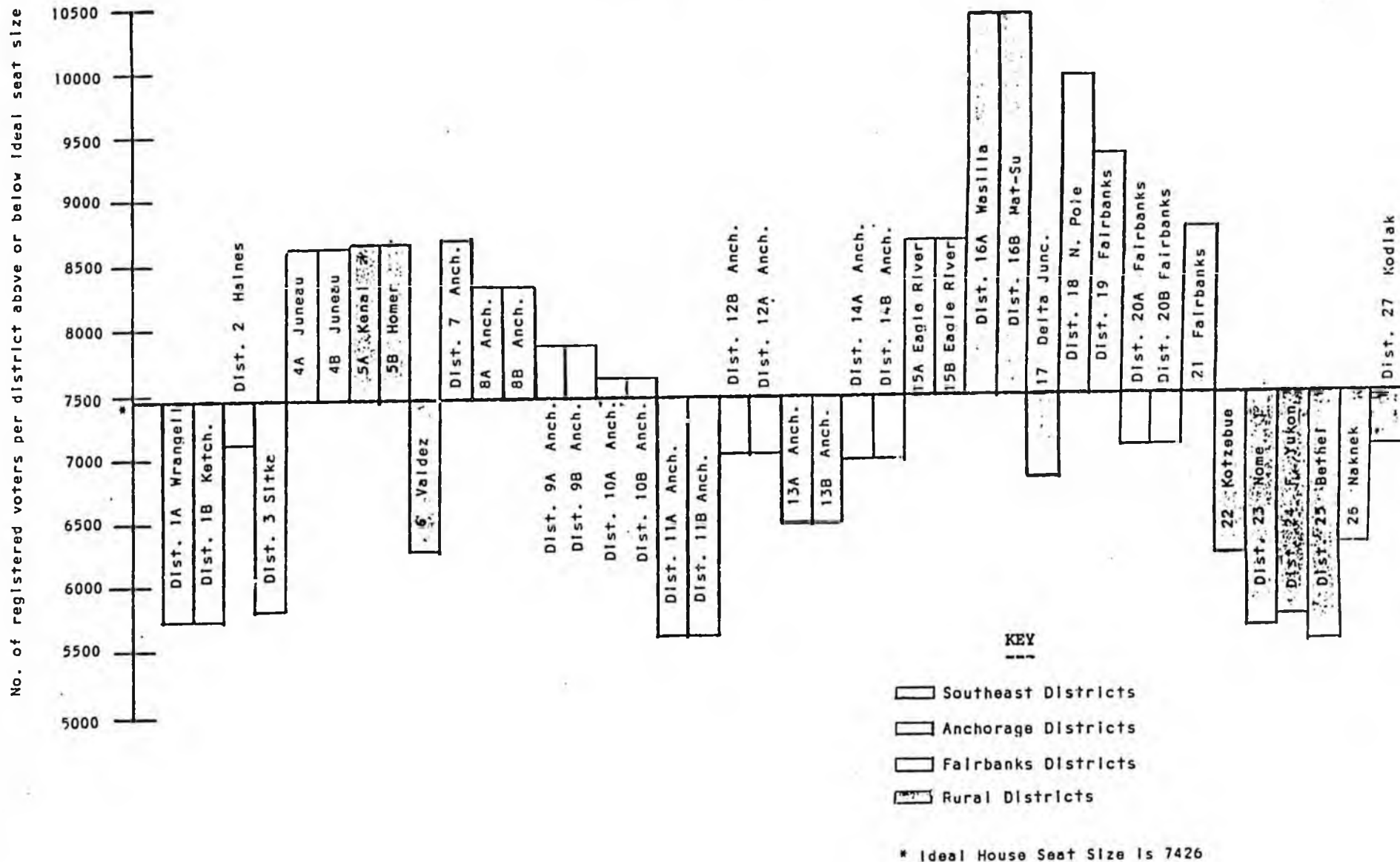


FIGURE NO. 3

increase can become effective. Voter approval is required in more than half the states, while here in Alaska, the people are denied this opportunity. The citizens of Alaska, in 1983, have even been denied the right to petition through the initiative process for the right to vote on taxation.

It borders on tyranny if this current legislature would invoke a new tax on the citizens, the majority of whom they do not represent. It certainly would be an affront to the principles of a republic if such a thing were done.

We in Alaska have a golden opportunity to not make the mistake most other states, and especially Congress, have made, by preventing the state from engaging in inflationary deficit spending, and forcing taxation on our children and our children's children - taxation they will be paying until the death of democracy.

On the other hand, what a unique legacy we can establish in Alaska, perhaps for other states to emulate, where future generations - every child born in Alaska - can hope to grow up to enjoy no state taxation. Blessed may be the young Alaskans for they shall not inherit state debt. Once they start providing for themselves, being an independent, self-reliant Alaskan breadwinners, they can be sure the state will not take a big slice of it. A new income tax is the worst type of capital punishment we could impose on the future generations. Especially when the state is collecting more taxes than is absolutely necessary - this may be considered legalized robbery. It is said that the income tax has made more liars out of the American people than any other institution. Alaska does not need to add to this temptation.

Once a new tax is put into law, there would be no limit to how high future legislatures could raise it. Alaskans used to pay 16% income tax (see Figure No. 4). Nor would there be any limit on the growth of state government. The new tax is a threat to the individual's personal and family well-being. The state does not need the extra revenue. The legislature was not created to devour the savings of the widows, nor the income of the single parent who provides the needs of her or his children.

INCOME TAX RATES IN ALASKA STATE & TERRITORY

<u>Year</u>	<u>Individuals</u>	<u>Corporations</u>
1949	10% of Fed. tax	10% of Fed. tax
1955	12½% of Fed. tax	12½% of Fed. tax
1957	14% of Fed. tax	18% of Fed. tax
1961	16% of Fed. tax	18% of Fed. tax
1964	3.2% - 14.56% of income (graduated)	5.4% & 3.96% surtax of income (surtax on income over \$25,000)
	(retroactively repealed)	
1965	16% of Fed. tax	18% of Fed. tax
1975	3% - 14.5% of income (graduated)	5.4% & 4% surtax (surtax on income over \$25,000)
1980 (June)	3% - 14.5% of income (graduated) (1/3 of income exempt for each prior year of filing)	5.4% & 4% surtax (surtax on income over \$50,000)
1980 (Sept.)	repealed	
1981		2% - 11% (graduated to \$4,000,000)
1982		1% - 9.4% (graduated to \$90,000)

ALASKA STATE TAX REVENUES BY SOURCE (STATED IN THOUSANDS)

<u>Fiscal Year</u>	<u>Income Tax</u>	<u>Business & Licenses Tax</u>	<u>Fuel Tax</u>	<u>Disaster Tax School Tax</u>
1977	\$246,243	\$ 23,252	\$ 20,418	\$ 2,589
1978	179,332	21,675	23,287	2,401
1979	374,731	28,158	22,323	2,530
1980	665,877	4,180	26,174	2,555
1981	<u>906,087</u>	5,484	23,331	970
1982	701,077	5,477	30,166	---
1983	267,846	6,949	36,675	---
1984	305,773	19,906	32,169	---
1985	205,860	38,815	35,972	---
1986	145,655	2,059	36,076	---

FIGURE NO. 4

A M E N D M E N T

OFFERED IN THE HOUSE

BY REP. MARTIN

TO: SSHB 252

Page 1, line 7, after "credits":

Insert ", and providing for an advisory vote on the levy and collection of the tax"

Page 12, following line 20:

Delete all material and insert:

"* Sec. 17. ADVISORY VOTE. The lieutenant governor shall place before the qualified voters of the state at the next general election the following question, advisory to the legislature. The question shall appear on the ballot in substantially the following form:

Q U E S T I O N

Shall the state levy and collect an income tax on income earned by individuals after December 31, 1992?

Yes [] No []

* Sec. 18. Sections 1 - 16 of this Act take effect January 1, 1993."


Alaska MUNICIPAL League

TELEPHONE
(907) 586-1325
FAX 463-5480

217 SECOND STREET, SUITE 200
JUNEAU, ALASKA 99801

January 24, 1990

MEMORANDUM

TO: Representative Niilo Koponen
FROM: Scott A. Burgess, Executive Director 
SUBJECT: HB 252 - Personal Income Tax

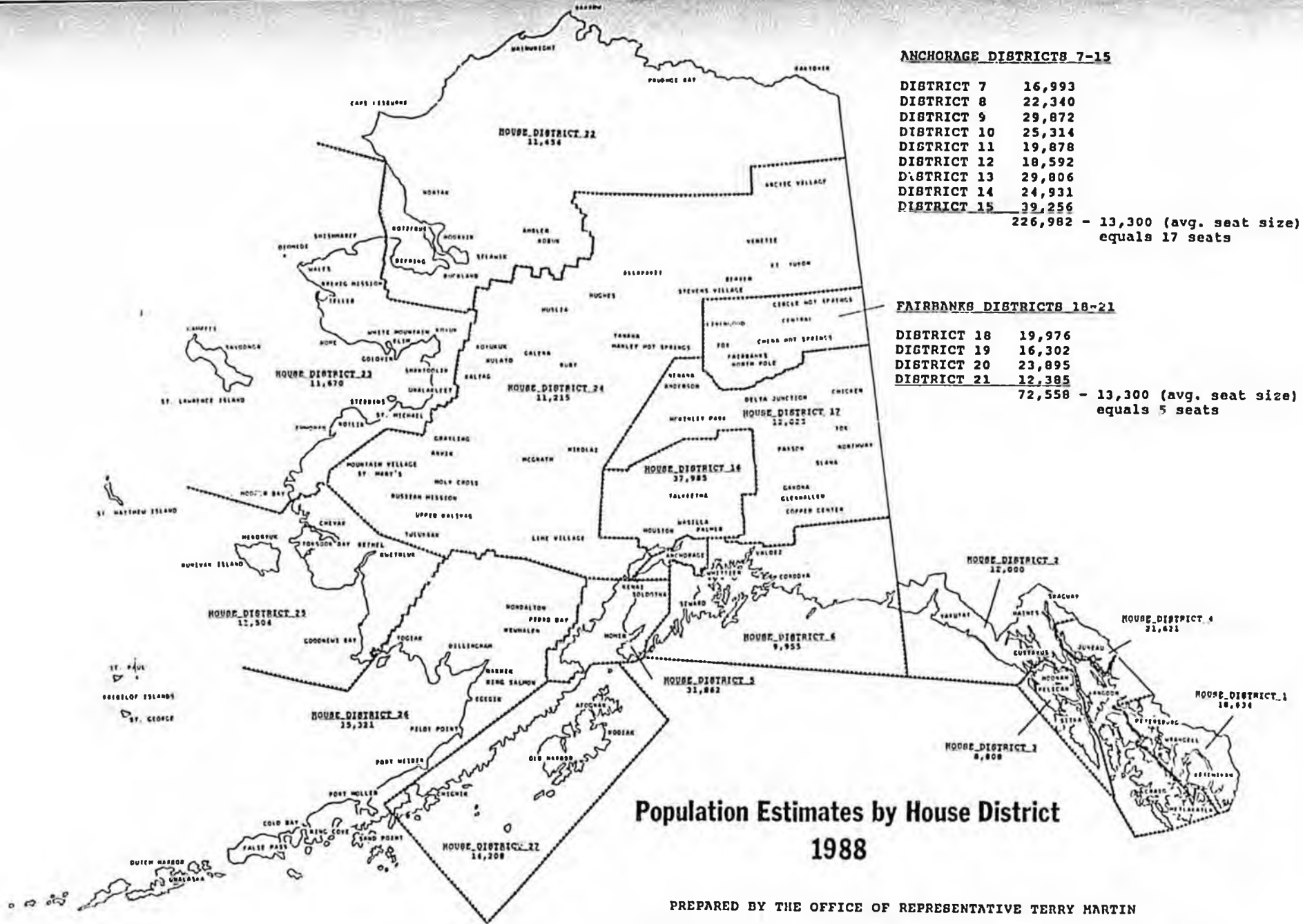
The Alaska Municipal League "supports legislation to reinstate the state income tax to allow for maximum capture of revenue from non-resident employees working within Alaska." This position is contained in the AML's 1990 Policy Statement (I.J.1) which represents the policy positions of the AML membership as of the annual meeting held in Juneau in November 1989.

The AML Board first went on record supporting the reinstatement of the state income tax in response to its membership's request in November 1988 to look at revenue alternatives to meeting the needs of Alaskans for government services and assistance both at the state and local levels. The AML and local governments have been accused in the past of asking for assistance but not offering revenue alternatives. Reinstatement of the personal income tax along with modifying the Economic Limit Factor (ELF), increasing the motor fuel tax, school tax, an education endowment and a capital improvement revolving loan fund were recommended by the Board to the Legislature last year to address the projected budget deficit along with reasonable and fair cuts. While budget pressures appear to be less severe for FY 91 and in the near future, the State cannot continue to provide government services, which AML believes correctly and justifiably includes assistance to local governments, in the future and rely solely on oil revenues.

The state income tax is perhaps the fairest tax and, when necessary, should be reinstated to pay for government services. Such a tax would encourage accountability between benefits and the beneficiaries, including capturing a return on services to non-residents. The state income tax is only one revenue measure and should be in addition to other taxes, service fees, program receipts, and permit fees, and in addition to budget scrutiny and justification.

As to the specifics of HB 252, the AML has not taken a formal position on HB 252. The AML will follow the legislative debate and may have specific comments in the future.

sab2:hb252tax



Population Estimates by House District 1988

PREPARED BY THE OFFICE OF REPRESENTATIVE TERRY MARTIN
POPULATION STATISTICS OBTAINED FROM AK DEPT. OF LABOR 9/11/89

Don't tax you,
don't tax me.
Tax that fellow
behind the tree.
...You know...
the one who's
working!

HB

255

HOUSE COMMITTEE ON STATE AFFAIRS

RECAP OF
HB 255

PF Dividends/Incarcerated Felons

Received March 29, 1989
by Rep. Boyer

Heard April 19, 1989
Heard April 20, 1989
Heard April 25, 1989

Committee Substitute adopted April 25, 1989

Passed Out of Committee April 25, 1989
2 Do Pass
3 Do Not Pass
2 No Recommendation

TABLE OF CONTENTS

HB 255: PF Dividends/Incarcerated Felons

- Item 1: HB 255 by Boyer
CS HB 255 (SA)
- Item 2: Fiscal Notes and Analyses by Health & Social
Services and Department of Revenue
- Item 3: Memorandum from Rep. Boyer, April 13, 1989
- Item 4: Memorandum from Sen. Pourchot, April 8, 1989
- Item 5: Position Paper from Department of Revenue
- Item 6: Position Paper from Department of Public Safety,
Violent Crimes Compensation Board
- Item 7: Letter from Alaska Court System, April 17, 1989

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JUNEAU, ALASKA 99811
907-465-3800

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

HB 255

House State Affairs

4/19/89

House State Affairs

4/25/89

HOUSE COMMITTEE REPORT

(7)

Date Referred: March 29, 1989

FURTHER REFERRALS: JUDICIARY
FINANCE

Date of Committee Action: _____

The STATE AFFAIRS Committee considered:

HB 255

HOUSE BILL NO. 255 [PF DIVIDENDS/INCARCERATED FELONS]
"An Act relating to permanent fund dividends for certain incarcerated individuals; and providing for an effective date."

RECOMMENDATIONS:

- be replaced with CS HB 255 (SA) the same title
- a new title a new title
- have attached amendment(s)
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):
(Dept)

APPROVES PREVIOUS: (Date/Dept)

- 2. fiscal impact DOR/HESS
- zero fiscal note _____
- zero with analysis _____

- fiscal note(s) _____
- zero fiscal note(s) _____
- zero fn/analysis _____

SIGNING DO PASS:

Conrad W. ...

Eileen P. Madson

SIGNING:
(Check approp. column)

	DO NOT PASS	No Rec	Amend
<i>Michael Douley</i>	<input checked="" type="checkbox"/>		
<i>Agnes Stanley</i>	<input checked="" type="checkbox"/>		
<i>Jim ...</i>		<input checked="" type="checkbox"/>	
<i>Jim ...</i>	<input checked="" type="checkbox"/>		
<i>Ed ...</i>		<input checked="" type="checkbox"/>	

Ed ...

 Chairman's Signature

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Relating to PFD for individuals incarcerated
Sponsor: Boyer
Requestor: _____

Agency Affected: Health & Social Services
BRU: Assistance Payments BRU
Components: AFDC

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
TRAVEL	-0-	-0-	-0-	-0-	-0-	-0-
CONTRACTUAL	-0-	-0-	-0-	-0-	-0-	-0-
SUPPLIES	-0-	-0-	-0-	-0-	-0-	-0-
EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
LAND & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
GRANTS, CLAIMS	-0-	-0-	-0-	-0-	-0-	-0-
MISCELLANEOUS	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
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REVENUE	-0-	260.0	260.0	260.0	260.0	260.0
---------	-----	-------	-------	-------	-------	-------

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-	-0-
OTHER	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME	-0-	-0-	-0-	-0-	-0-	-0-
TEMPORARY	-0-	-0-	-0-	-0-	-0-	-0-

ANALYSIS : (Attach a separate page if necessary)

GFM	(260.0)	(260.0)	(260.0)	(260.0)	(260.0)
GF/Program Receipts	260.0	260.0	260.0	260.0	260.0

SEE ATTACHED ANALYSIS

Prepared by: John R. Taber, Director
Division: Public Assistance

Phone: 465-3347
Date: 4/1/89

Approved by Commissioner: [Signature]
Agency: Health & Social Services

Date: 4-10-89

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