

WHAT IS ACES? Alaska's Clear and Equitable Share



ACES IS A BLEND OF NET & GROSS TAX

Net Encourages Investment

- Taxes calculated only after costs considered
 - Provides up-front deductions for development expenditures
 - Investors receive more cash early on
 - Early deductions offset by higher taxes when profits are high
- Taxes can be reduced by investing more
- At high prices, net tax yields more State revenue
 - As prices go up, deductions have less impact

Gross Secures State Tax Revenues at Low Oil Prices

- ACES uses a 10% gross tax floor on two mature fields to secure basic State revenue level

	PPT	ACES
Tax Rate	22.5%	25%
Capital Credits	20%	20%
Progressivity Trigger	\$40	\$30
Progressivity Rate	0.25%	0.20%
Gross Floor Rate	Up to 4% - All	10% - Legacy
Past Expenditures	Yes	No
Corrosion Deductions	Yes	No
Information Sharing	No	Yes
More Auditors	No	Yes