
Senate Finance

November 5, 2007



Topics

- **Oil's importance to overall Alaska State revenue**
- **Producer Economics**
 - PPT
 - Senate CS
- **Government Take**
 - Alaska and Federal
 - Under PPT and Senate CS

Sources Of Alaska Government Revenue From Petroleum



- **Royalty**

- Based on the gross value at the “point of production”
- Rate established in lease contract

- **Property Tax**

- Based on adjusted (for inflation) depreciated investment costs and remaining useful life

- **Production Tax**

- Based on company’s net cash flow per barrel of production after costs and reinvestment

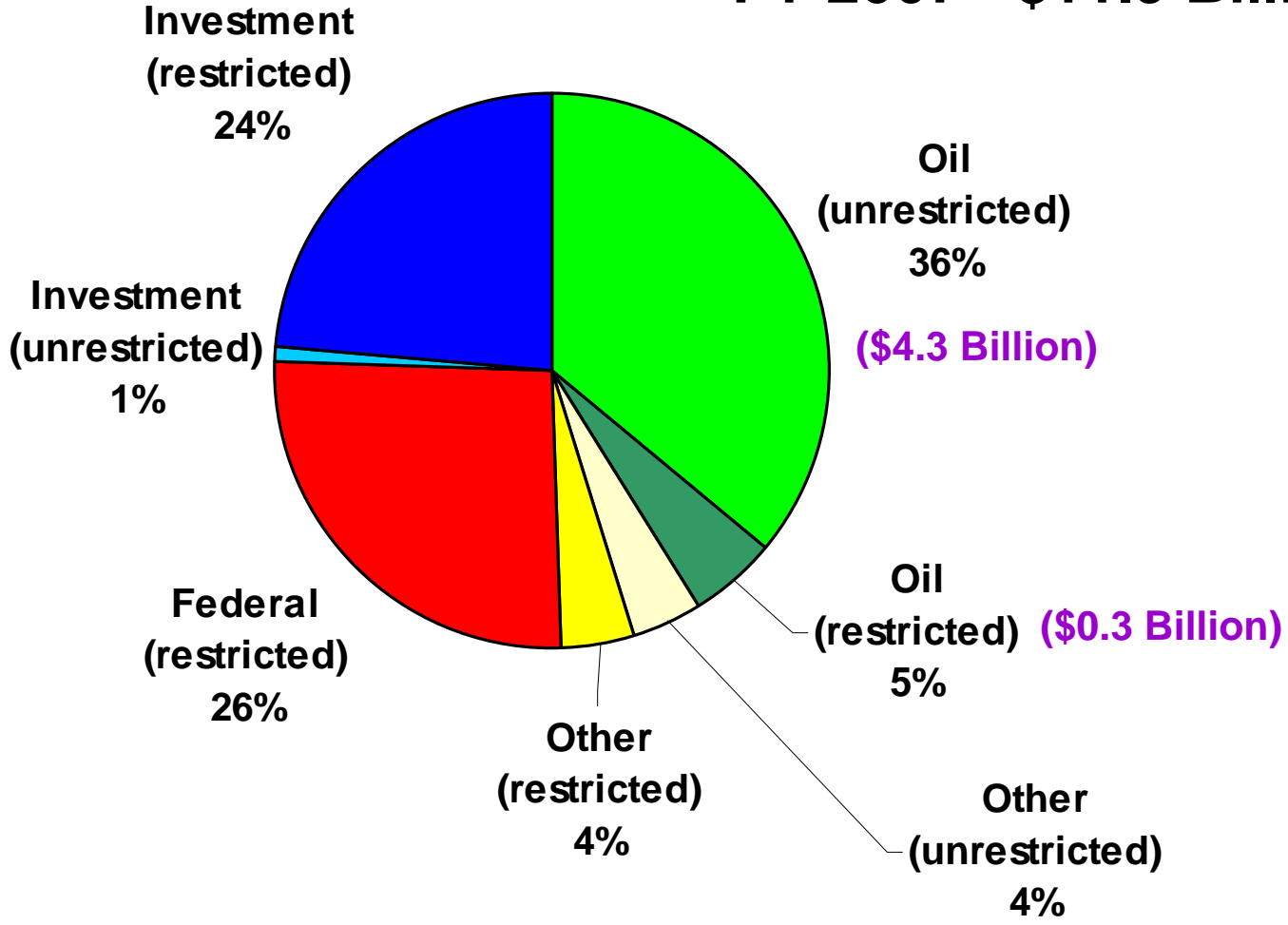
- **State Income Tax**

- After deduction of allowed costs, including Royalties, Property Tax and Production Tax based on apportioned worldwide income



Total State Revenues

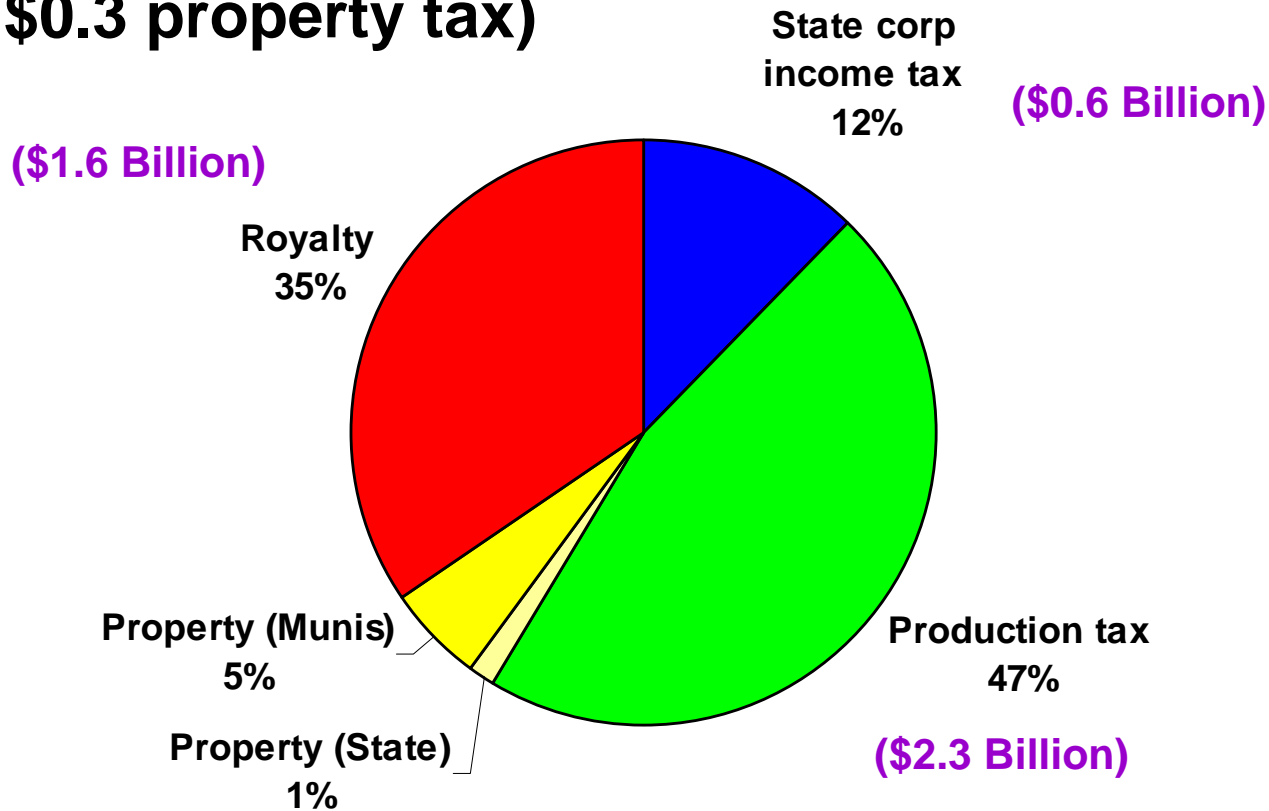
FY 2007 - \$11.9 Billion





Unrestricted Petroleum Revenues

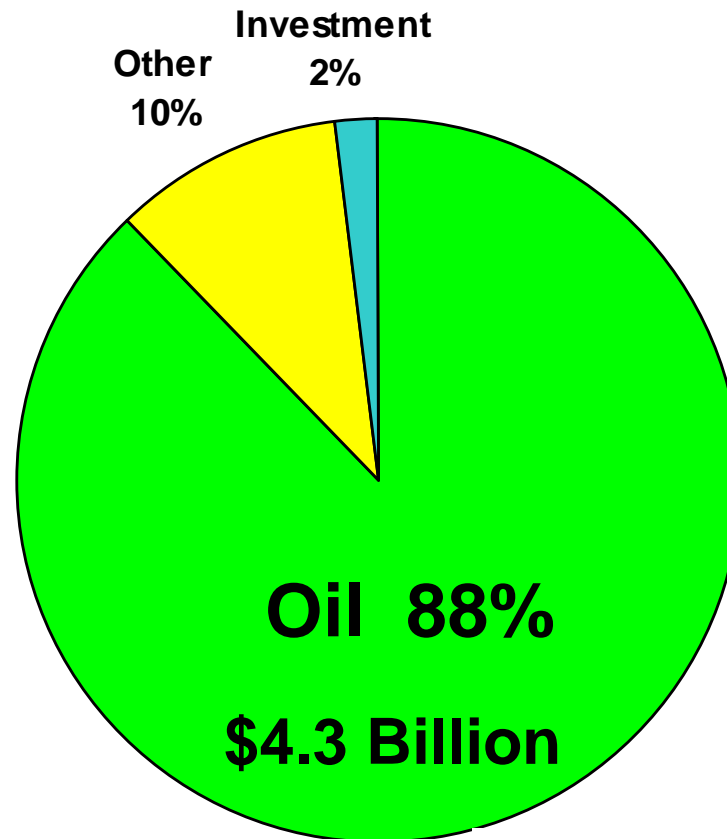
**FY 2007 - \$4.6 Billion State
(plus \$0.3 property tax)**





General Fund Unrestricted Revenues

FY 2007 - \$4.9 Billion



Producer Share Of Revenues

FY 2009

FY 2009

Producer Revenues Under PPT



	FY 2009		
	\$ MM	%	\$/Bbl
Sales Revenue	18,125	100%	66.30
less Shipping	470	3%	1.72
TAPS	673	4%	2.46
Royalty	2,075	11%	7.59
Gross Value At PoP	14,907	82%	54.53
Capex	2,029	11%	7.42
Opex	2,063	11%	7.55
Property Tax	312	2%	1.14
Net Value At PoP	10,503	58%	38.42
less Production Tax	1,693	9%	6.19
Detail Base Production Tax	2,285	13%	8.36
Progressivity	115	1%	0.42
Small Prod Credit	(48)	0%	(0.18)
EIC	(50)	0%	(0.18)
Capital Credit	(406)	-2%	(1.49)
TIE Credit	(203)	-1%	(0.74)
Pre-CIT Revenue	8,810	49%	32.23
less State Income Tax	763	4%	2.79
Federal Income Tax	2,574	14%	9.42
Producer Income	5,473	30%	20.02

TAPS cost shown is actual cost. However, deduction allowed for PPT is approximately \$5/Bbl

Assumes 749,000 Bopd at official forecast \$66.30/bbl ANS West Coast

FY 2009

Producer Revenues Under Senate CS



	FY 2009		
	\$ MM	%	\$/Bbl
Sales Revenue	18,125	100%	66.30
<i>less</i> Shipping	470	3%	1.72
TAPS	673	4%	2.46
Royalty	2,075	11%	7.59
Gross Value At PoP	14,907	82%	54.53
Capex	2,029	11%	7.42
Opex	2,063	11%	7.55
Property Tax	312	2%	1.14
Net Value At PoP	10,503	58%	38.42
<i>less</i> Production Tax	2,778	15%	10.16
<i>Detail</i> Base Production Tax	2,628	14%	9.61
Progressivity	654	4%	2.39
Small Prod Credit	(48)	0%	(0.18)
EIC	(50)	0%	(0.18)
Capital Credit	(406)	-2%	(1.49)
TIE Credit	0	0%	0.00
Pre-CIT Revenue	7,725	43%	28.26
<i>less</i> State Income Tax	700	4%	2.56
Federal Income Tax	2,361	13%	8.64
Producer Income	4,664	26%	17.06

Assumes 749,000 Bopd at official forecast \$66.30/bbl ANS West Coast

FY 2009 Producer Income PPT Compared To Senate CS



	FY 2009, \$MM		
	PPT	Senate	Diff
Sales Revenue	18,125	18,125	0
less Shipping	470	470	0
TAPS	673	673	0
Royalty	2,075	2,075	0
Gross Value At PoP	14,907	14,907	0
Capex	2,029	2,029	0
Opex	2,063	2,063	0
Property Tax	312	312	0
Net Value At PoP	10,503	10,503	0
less Production Tax	1,693	2,778	1,085
Detail Base Production Tax	2,285	2,628	343
Progressivity	115	654	539
Small Prod Credit	(48)	(48)	0
EIC	(50)	(50)	0
Capital Credit	(406)	(406)	0
TIE Credit	(203)	0	203
Pre-CIT Revenue	8,810	7,725	(1,085)
less State Income Tax	763	700	(63)
Federal Income Tax	2,574	2,361	(213)
Producer Income	5,473	4,664	(809)

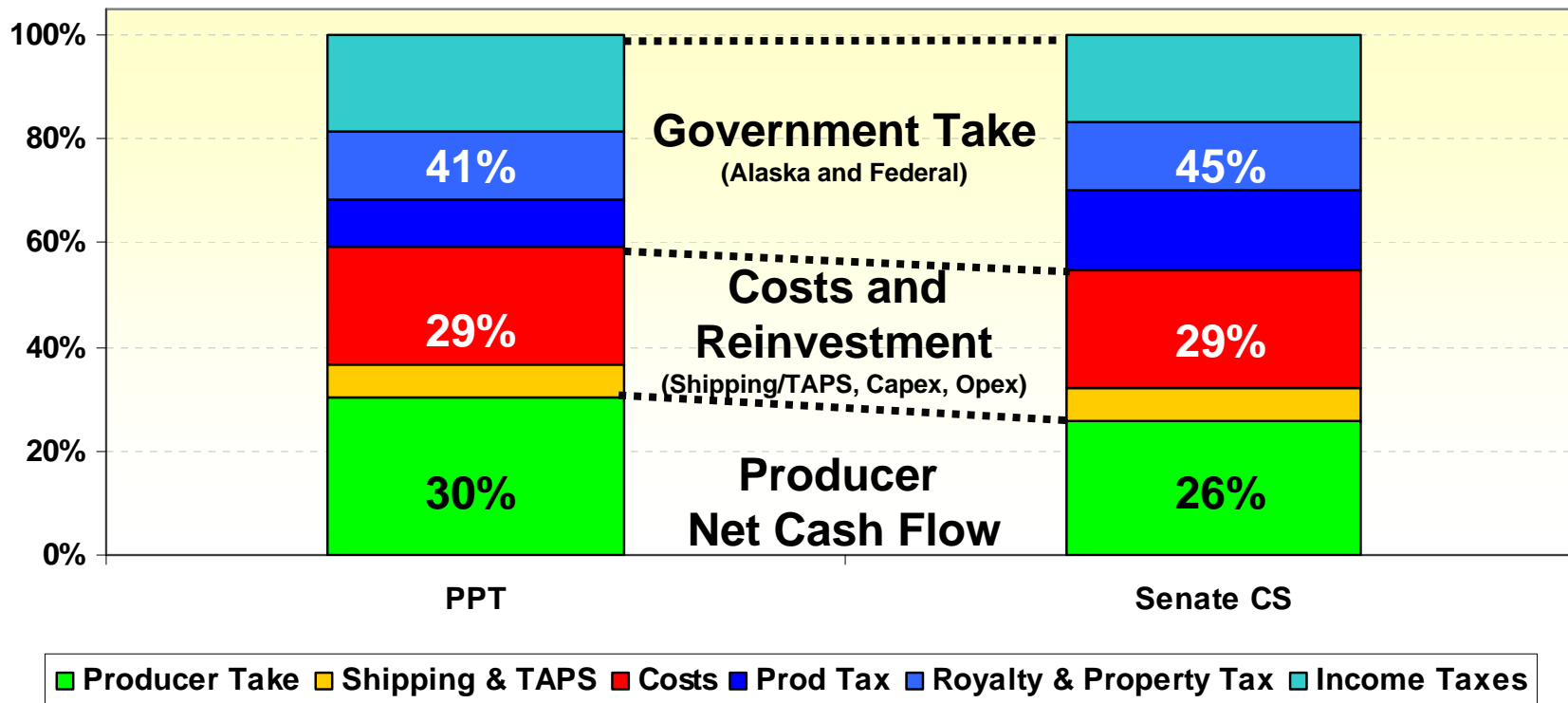
Assumes 749,000 Bopd at official forecast \$66.30/bbl ANS West Coast

FY 2009

Sharing Of Sales Revenue



Comparison Of PPT and Senate Judiciary CS



Assumes 749,000 Bopd at official forecast \$66.30/bbl ANS West Coast

Government Share Of Revenues

FY 2009

FY 2009

Government and Alaska Share



PPT

	FY 2009		
	\$ MM	%	\$/Bbl
Net Cash Flow	12,890		47.15
Producer share	5,473	42%	20.02
Government Take	7,417	58%	27.13
Federal Income Tax	2,574	20%	9.42
Royalty	2,075	16%	7.59
Production Tax	312	2%	1.14
Petroleum Tax	1,693	13%	6.19
State Income Tax	763	6%	2.79
Alaska State Take	4,843	38%	17.71

Assumes 749,000 Bopd at official forecast \$66.30/bbl ANS West Coast

FY 2009

Government and Alaska Share



Senate Judiciary CS

	FY 2009		
	\$ MM	%	\$/Bbl
Net Cash Flow	12,890		47.15
Producer share	4,664	36%	17.06
Government Take	8,226	64%	30.09
Federal Income Tax	2,361	18%	8.64
Royalty	2,075	16%	7.59
Property Tax	312	2%	1.14
Production Tax	2,778	22%	10.16
State Income Tax	700	5%	2.56
Alaska State Take	5,865	45%	21.45

Assumes 749,000 Bopd at official forecast \$66.30/bbl ANS West Coast

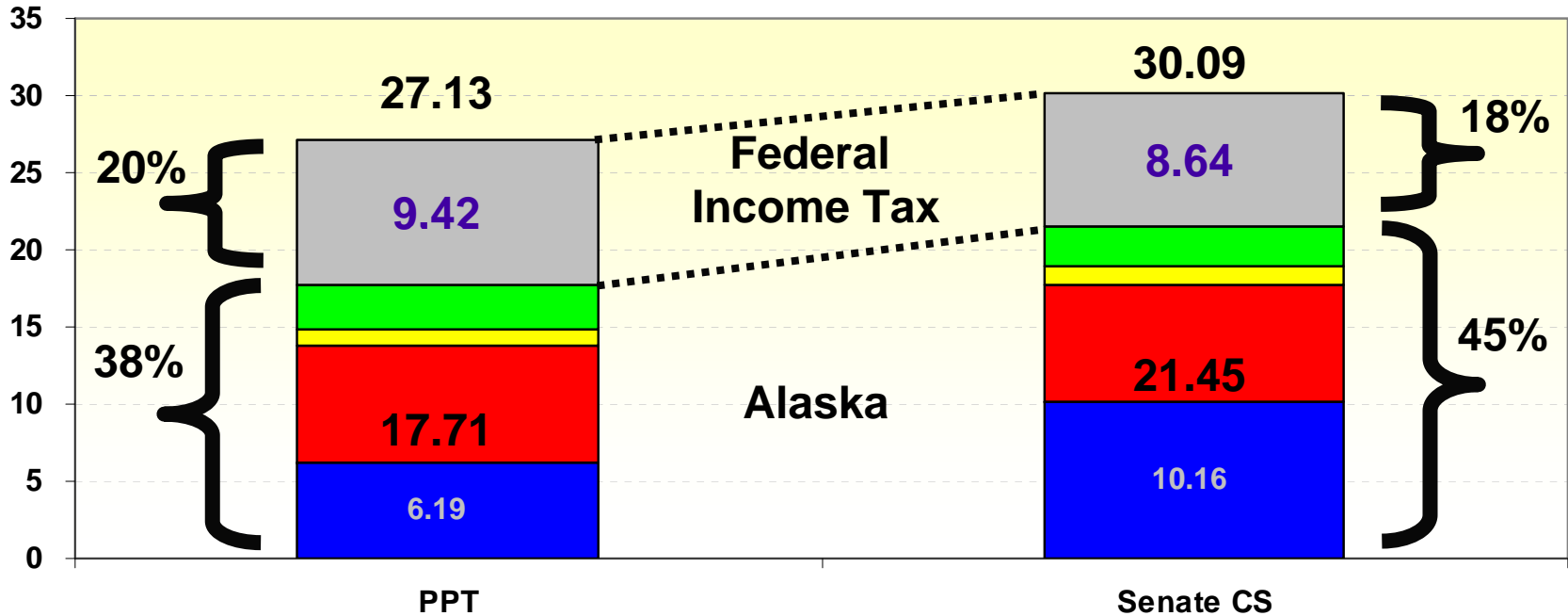
FY 2009

Government and Alaska Share



Comparison Of PPT and Senate Judiciary CS

\$/Bbl



■ Production Tax ■ Royalty ■ Property Tax ■ State Income Tax ■ Federal Income Tax

Assumes 749,000 Bopd at official forecast \$66.30/bbl ANS West Coast

FY 2009

Change In Production Tax



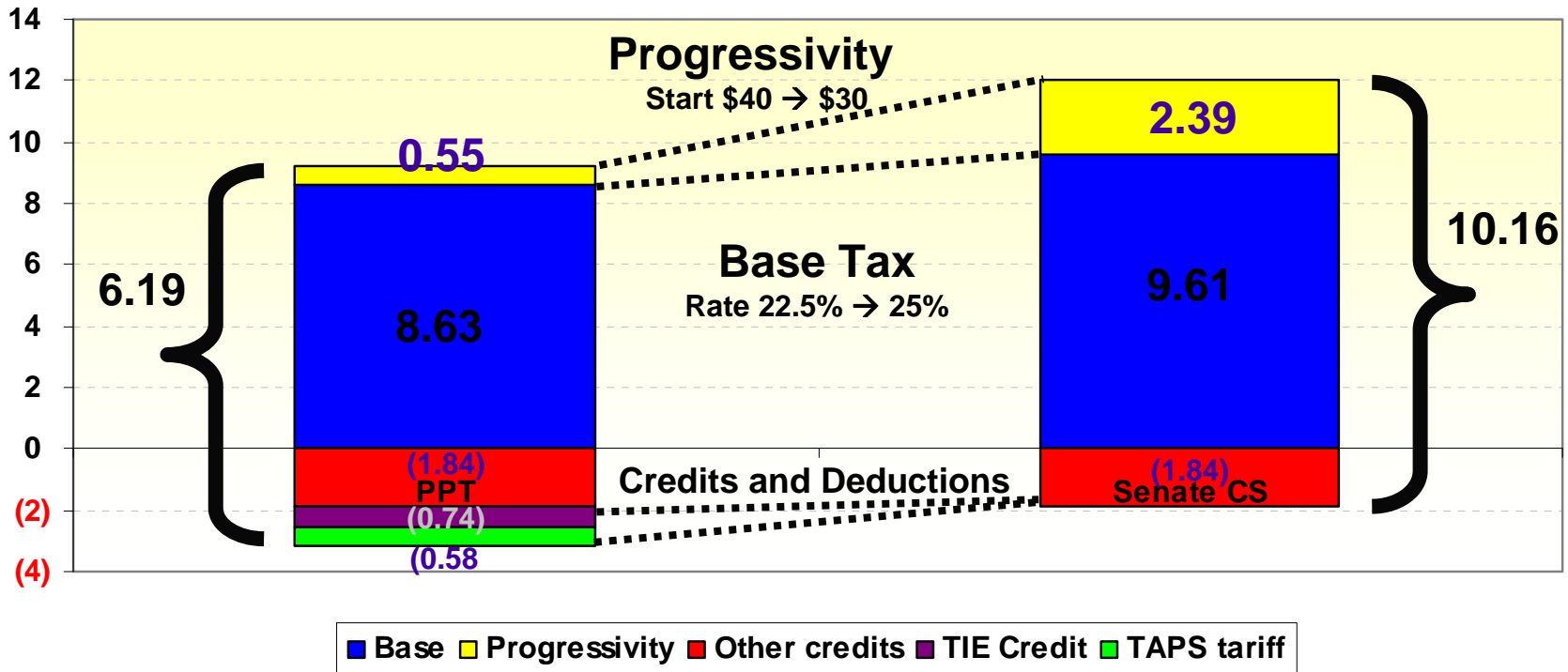
		FY 09	
	\$ MM	%	\$/Bbl
Prod Tax under PPT	1,693	100%	6.19
Base	285	17%	1.04
Progressivity	439	26%	1.61
TIE Credit	203	12%	0.74
TAPS tariff	158	9%	0.58
Prod Tax under Senate	2,778	164%	10.16

**TAPS tariff impact reflected in both
Base and Progressivity**

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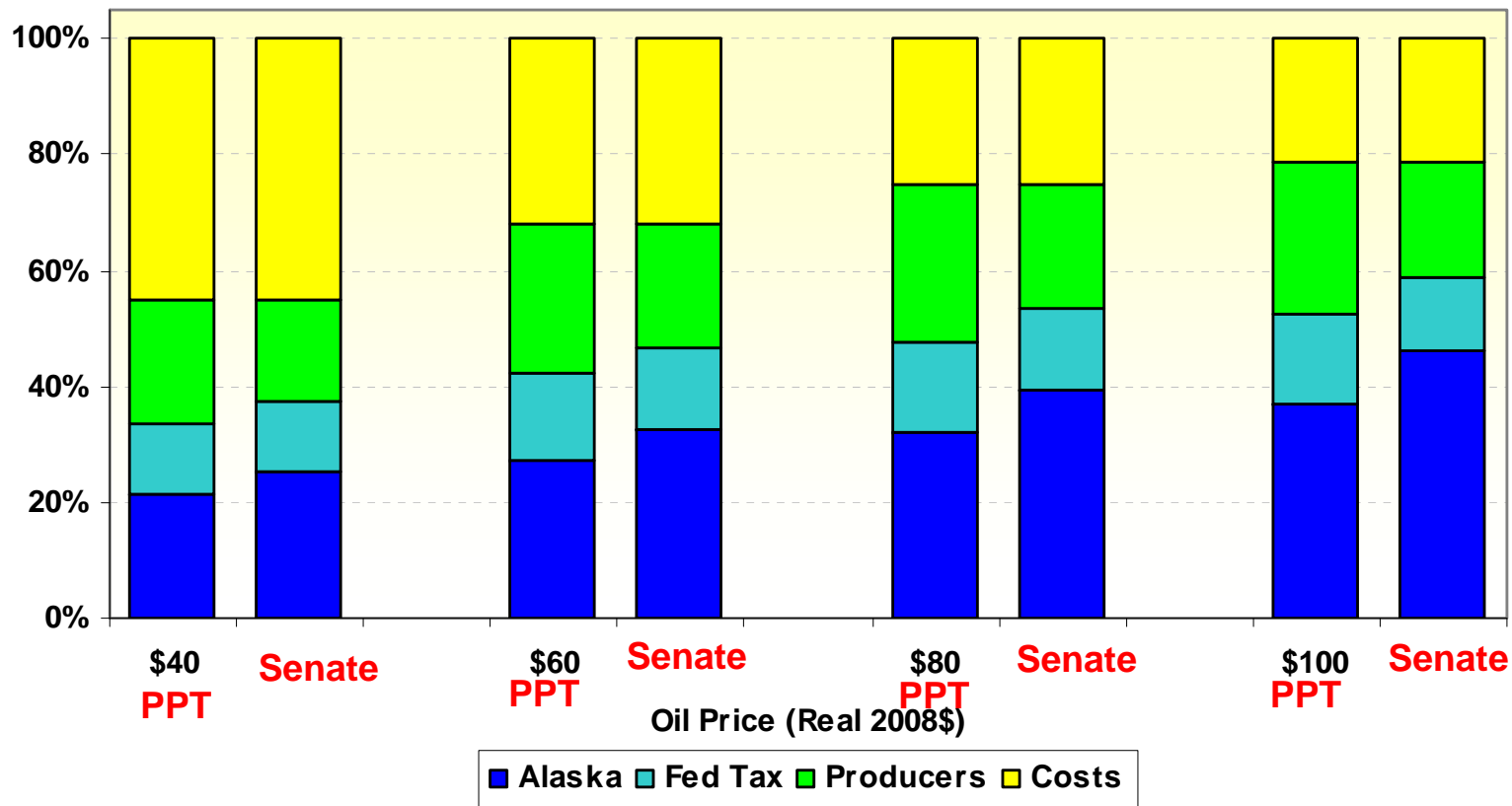
Production Tax and TAPS Tariff Impacts



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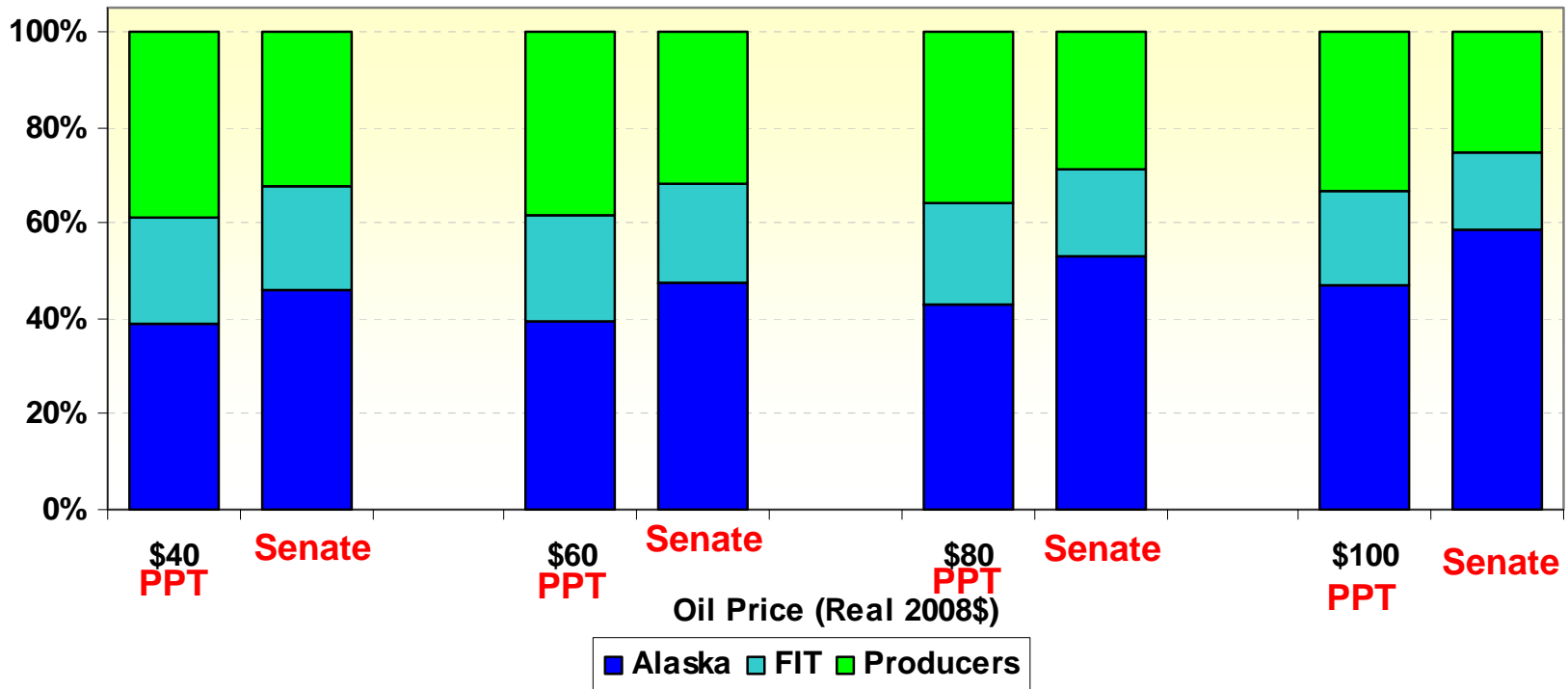
FY 2009

Share Of Sales Revenue



FY 2009

Share Of Profit (Revenue Less Costs)



Senate Finance

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