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# Senate Finance

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November 5, 2007

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# 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

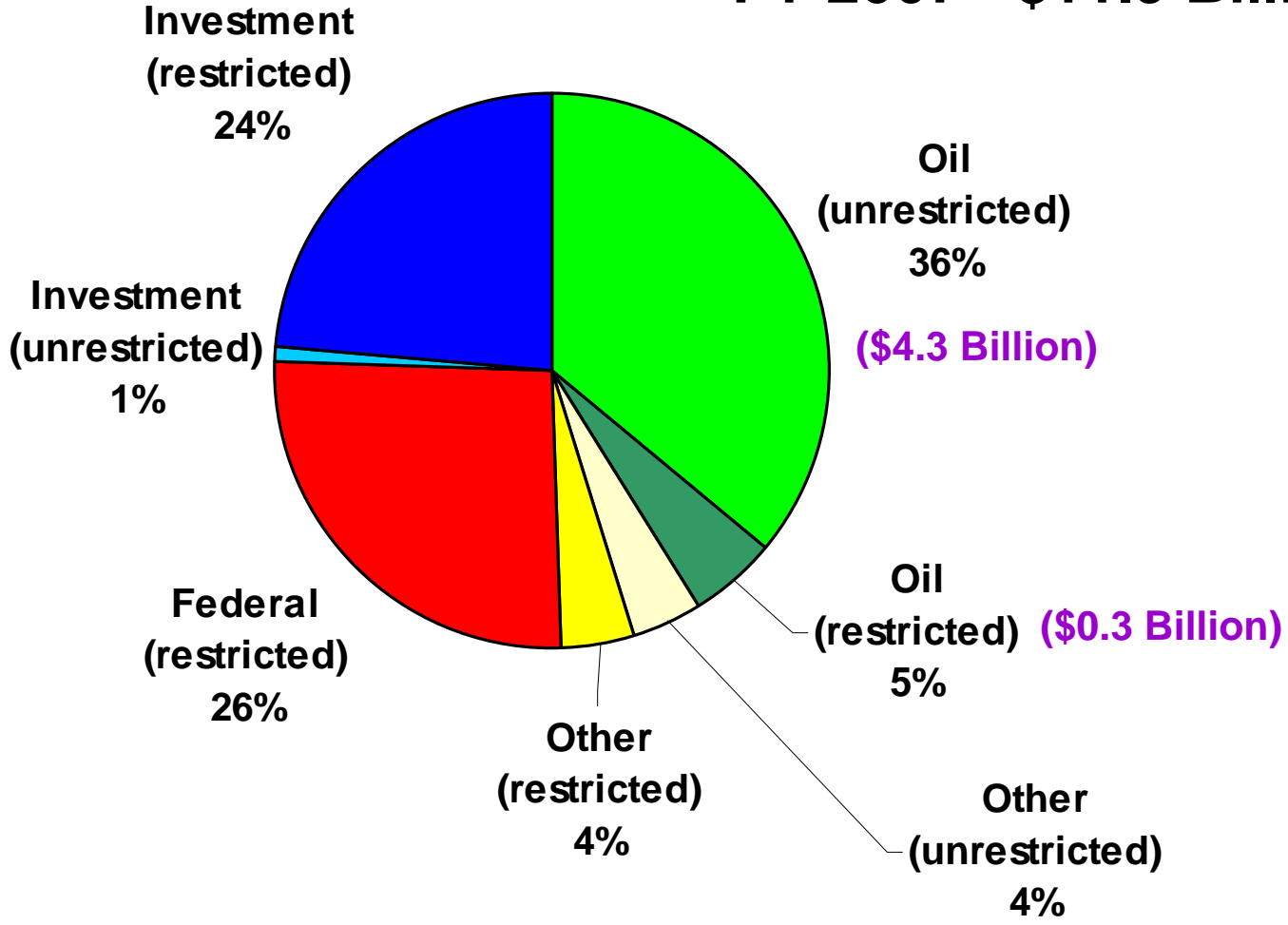


- **Royalty**
  - Based on the gross value at the “point of production”
  - Rate established in lease contract
- **Property Tax**
  - Based on adjusted (for inflation) depreciated investment costs and remaining useful life
- **Production Tax**
  - Based on company’s net cash flow per barrel of production 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

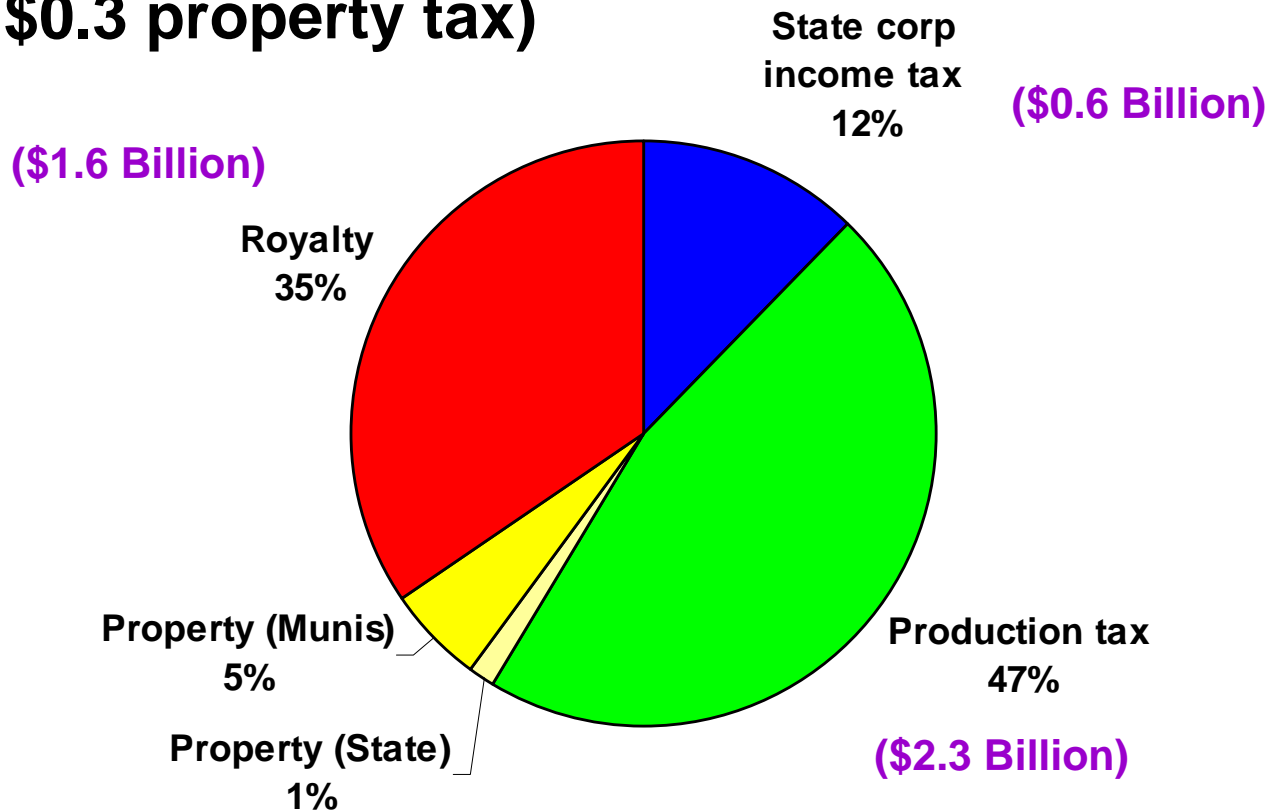
**FY 2007 - \$11.9 Billion**





# Unrestricted Petroleum Revenues

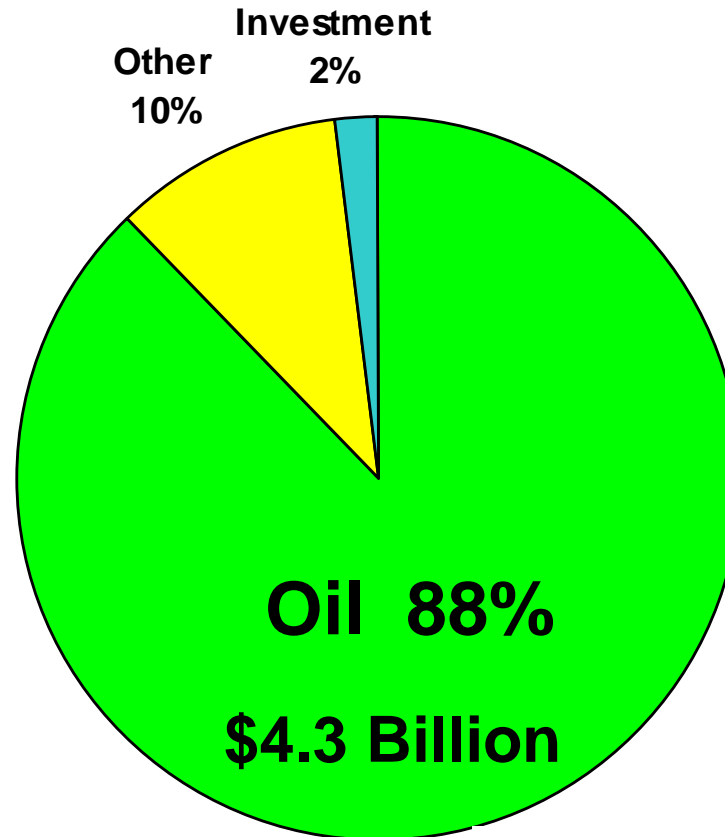
**FY 2007 - \$4.6 Billion State  
(plus \$0.3 property tax)**





# General Fund Unrestricted Revenues

**FY 2007 - \$4.9 Billion**



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# **Producer Share Of Revenues**

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**FY 2009**

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# FY 2009

## Producer Revenues Under PPT



	FY 2009		
	\$ MM	%	\$/Bbl
<b>Sales Revenue</b>	<b>18,125</b>	<b>100%</b>	<b>66.30</b>
less Shipping	470	3%	1.72
TAPS	673	4%	2.46
Royalty	2,075	11%	7.59
<b>Gross Value At PoP</b>	<b>14,907</b>	<b>82%</b>	<b>54.53</b>
Capex	2,029	11%	7.42
Opex	2,063	11%	7.55
Property Tax	312	2%	1.14
<b>Net Value At PoP</b>	<b>10,503</b>	<b>58%</b>	<b>38.42</b>
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)
<b>Pre-CIT Revenue</b>	<b>8,810</b>	<b>49%</b>	<b>32.23</b>
less State Income Tax	763	4%	2.79
Federal Income Tax	2,574	14%	9.42
<b>Producer Income</b>	<b>5,473</b>	<b>30%</b>	<b>20.02</b>

**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
<b>Sales Revenue</b>	<b>18,125</b>	<b>100%</b>	<b>66.30</b>
<i>less</i> Shipping	470	3%	1.72
TAPS	673	4%	2.46
Royalty	2,075	11%	7.59
<b>Gross Value At PoP</b>	<b>14,907</b>	<b>82%</b>	<b>54.53</b>
Capex	2,029	11%	7.42
Opex	2,063	11%	7.55
Property Tax	312	2%	1.14
<b>Net Value At PoP</b>	<b>10,503</b>	<b>58%</b>	<b>38.42</b>
<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
<b>Pre-CIT Revenue</b>	<b>7,725</b>	<b>43%</b>	<b>28.26</b>
<i>less</i> State Income Tax	700	4%	2.56
Federal Income Tax	2,361	13%	8.64
<b>Producer Income</b>	<b>4,664</b>	<b>26%</b>	<b>17.06</b>

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
<b>Sales Revenue</b>	<b>18,125</b>	<b>18,125</b>	<b>0</b>
<i>less</i> Shipping	470	470	0
TAPS	673	673	0
Royalty	2,075	2,075	0
<b>Gross Value At PoP</b>	<b>14,907</b>	<b>14,907</b>	<b>0</b>
Capex	2,029	2,029	0
Opex	2,063	2,063	0
Property Tax	312	312	0
<b>Net Value At PoP</b>	<b>10,503</b>	<b>10,503</b>	<b>0</b>
<i>less</i> Production Tax	1,693	2,778	1,085
<i>Detail</i> 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
<b>Pre-CIT Revenue</b>	<b>8,810</b>	<b>7,725</b>	<b>(1,085)</b>
<i>less</i> State Income Tax	763	700	(63)
Federal Income Tax	2,574	2,361	(213)
<b>Producer Income</b>	<b>5,473</b>	<b>4,664</b>	<b>(809)</b>

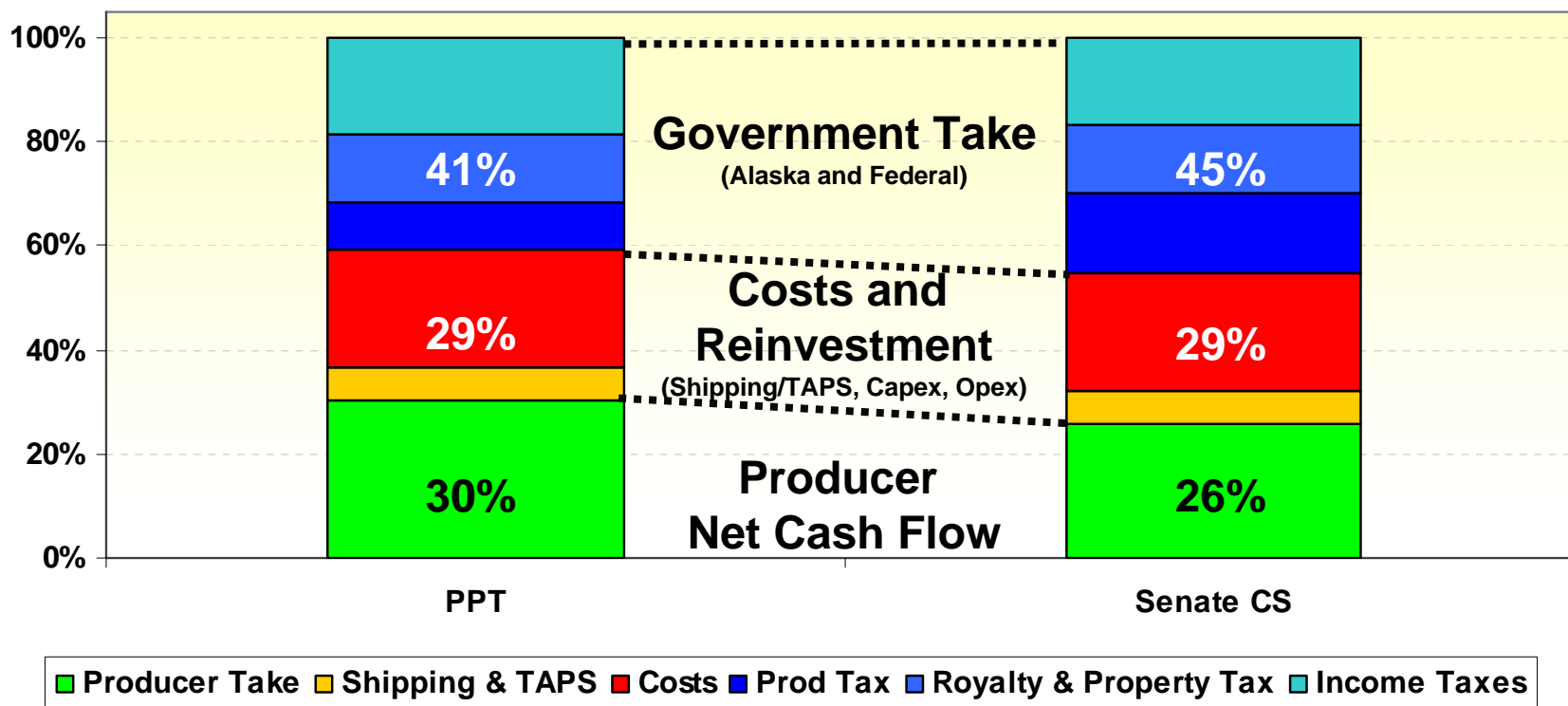
Assumes 749,000 Bopd at official forecast \$66.30/bbl ANS West Coast

# 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

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# **Government Share Of Revenues**

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**FY 2009**

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# FY 2009

## Government and Alaska Share



PPT

	FY 2009		
	\$ MM	%	\$/Bbl
<b>Net Cash Flow</b>	<b>12,890</b>		<b>47.15</b>
Producer share	5,473	42%	20.02
<b>Government Take</b>	<b>7,417</b>	<b>58%</b>	<b>27.13</b>
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
<b>Alaska State Take</b>	<b>4,843</b>	<b>38%</b>	<b>17.71</b>

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
<b>Net Cash Flow</b>	<b>12,890</b>		<b>47.15</b>
Producer share	4,664	36%	17.06
<b>Government Take</b>	<b>8,226</b>	<b>64%</b>	<b>30.09</b>
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
<b>Alaska State Take</b>	<b>5,865</b>	<b>45%</b>	<b>21.45</b>

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

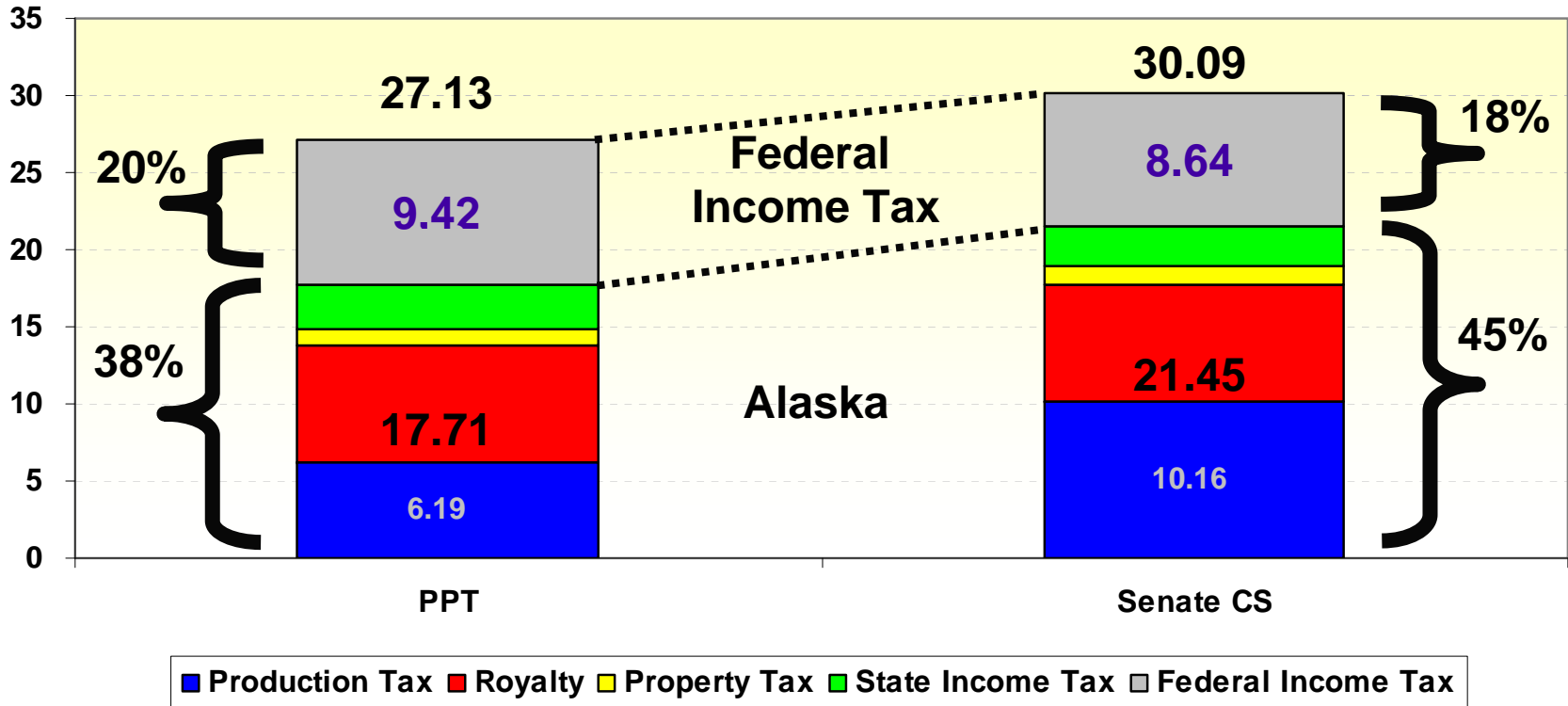
# FY 2009

## Government and Alaska Share



### Comparison Of PPT and Senate Judiciary CS

\$/Bbl



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

# FY 2009

## Change In Production Tax



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

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

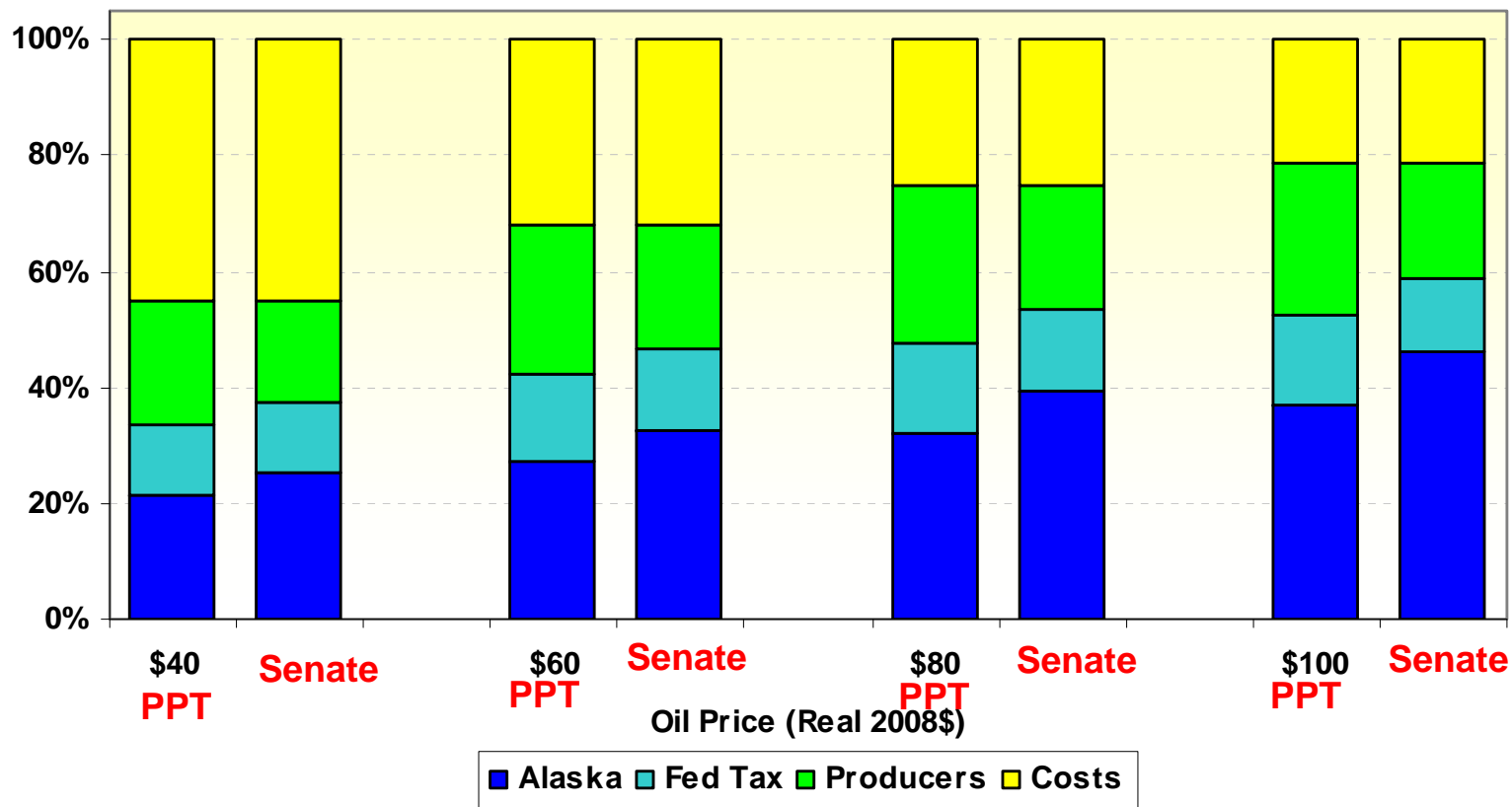
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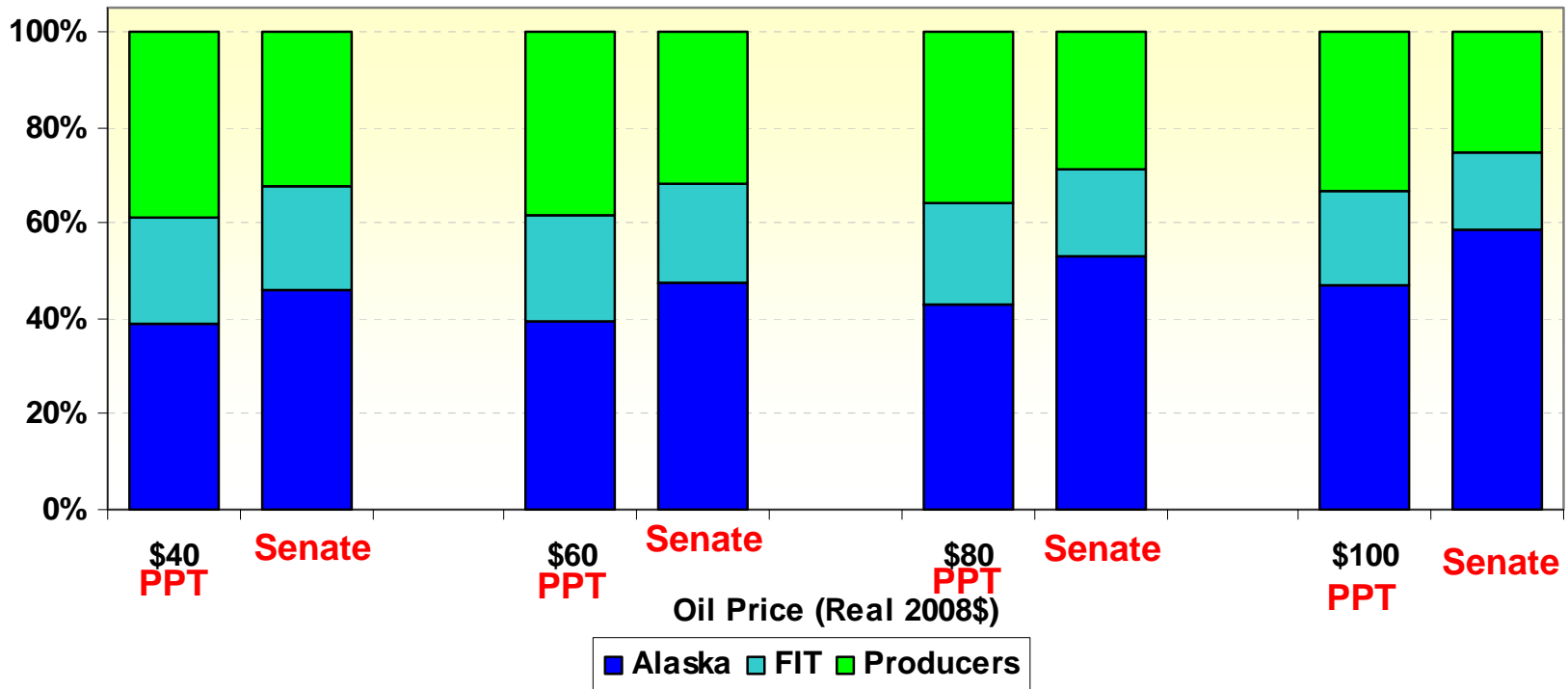
# FY 2009

## Share Of Sales Revenue



# FY 2009

## Share Of Profit (Revenue Less Costs)



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# Senate Finance

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November 5, 2007

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