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# Senate Finance

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November 6, 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

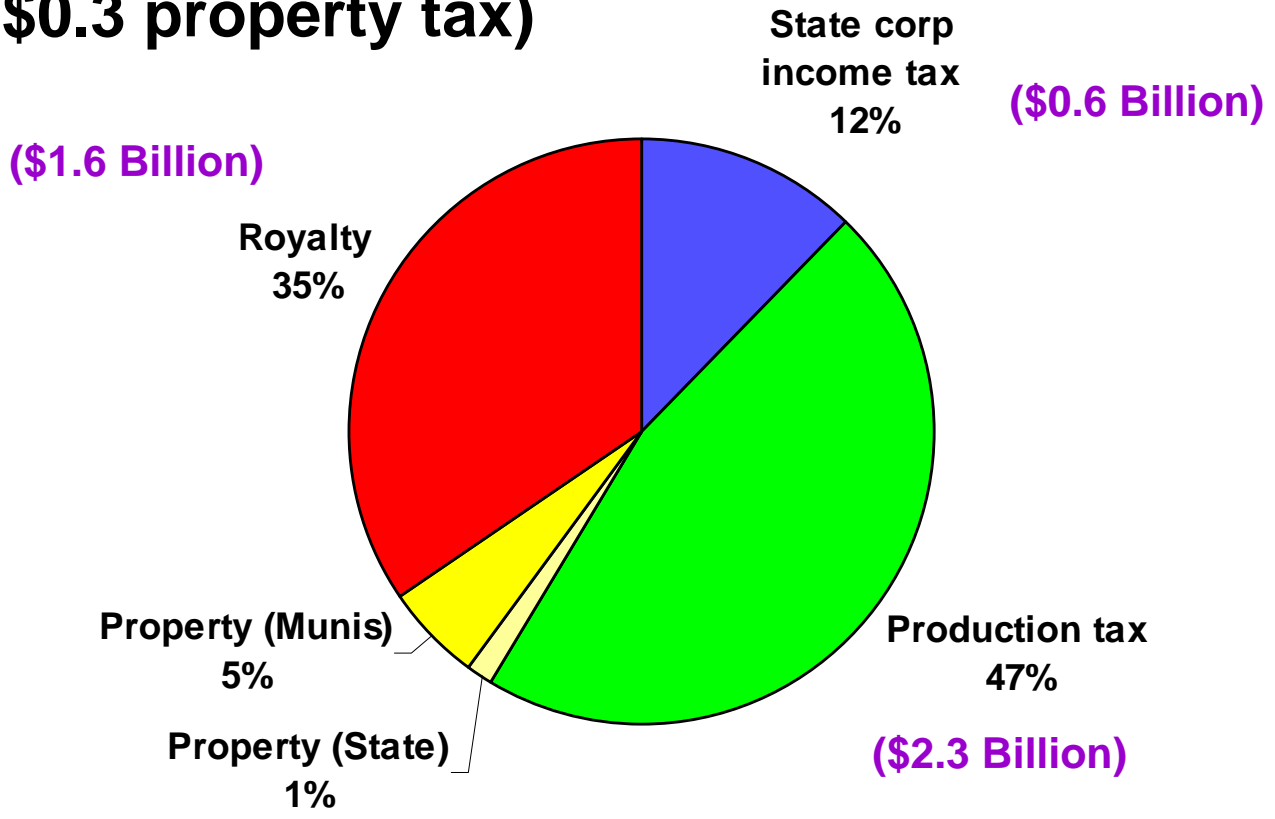






# Unrestricted Petroleum Revenues

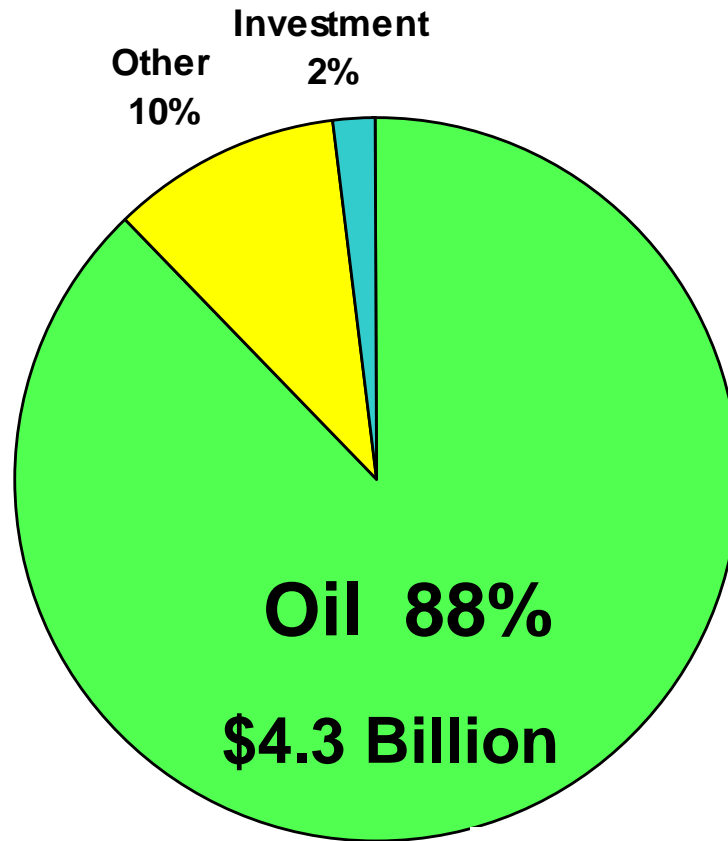
**FY 2007 - \$4.6 Billion State  
(plus \$0.3 property tax)**



# 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>
<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>14,908</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>10,504</b>	<b>58%</b>	<b>38.42</b>
<i>less</i> Production Tax	1,693	9%	6.19
<i>Detail</i> 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>8,811</b>	<b>49%</b>	<b>32.23</b>
<i>less</i> State Income Tax	828	5%	3.03
Federal Income Tax	2,794	15%	10.22
<b>Producer Income</b>	<b>5,189</b>	<b>29%</b>	<b>18.98</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 ACES



	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>14,908</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>10,504</b>	<b>58%</b>	<b>38.42</b>
less Production Tax	2,369	13%	8.67
Detail Base Production Tax	2,614	14%	9.56
Progressivity	259	1%	0.95
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>8,135</b>	<b>45%</b>	<b>29.76</b>
less State Income Tax	765	4%	2.80
Federal Income Tax	2,580	14%	9.44
<b>Producer Income</b>	<b>4,791</b>	<b>26%</b>	<b>17.52</b>

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

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

# FY 2009 Producer Revenue PPT Compared To ACES



	FY 2009, \$MM		
	PPT	ACES	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>14,908</b>	<b>14,908</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>10,504</b>	<b>10,504</b>	<b>0</b>
<i>less</i> Production Tax	1,693	2,369	676
<i>Detail</i> Base Production Tax	2,285	2,614	329
Progressivity	115	259	144
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>8,811</b>	<b>8,135</b>	<b>(676)</b>
<i>less</i> State Income Tax	828	765	(64)
Federal Income Tax	2,794	2,580	(214)
<b>Producer Income</b>	<b>5,189</b>	<b>4,791</b>	<b>(398)</b>

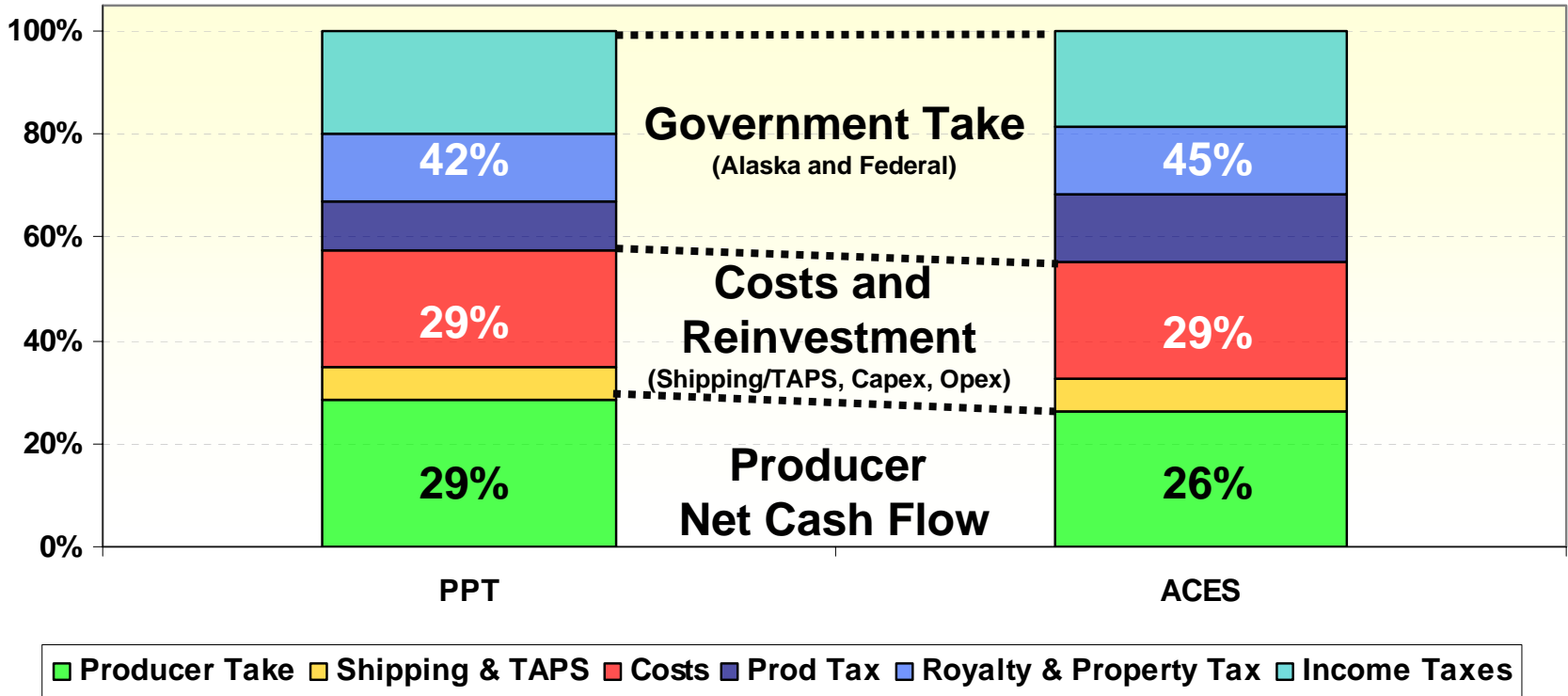
Assumes 749,000 Bopd at official forecast \$66.30/bbl ANS West Coast

# FY 2009

## Sharing Of Sales Revenue



### Comparison Of PPT and ACES



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>12,891</b>		<b>47.15</b>
Producer share	5,189	40%	18.98
<b>Government Take</b>	<b>7,702</b>	<b>60%</b>	<b>28.17</b>
Federal Income Tax	2,794	22%	10.22
Royalty	2,075	16%	7.59
Property Tax	312	2%	1.14
Production Tax	1,693	13%	6.19
State Income Tax	828	6%	3.03
<b>Alaska State Take</b>	<b>4,908</b>	<b>38%</b>	<b>17.95</b>

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

# FY 2009

## Government and Alaska Share



### ACES

	FY 2009		
	\$ MM	%	\$/Bbl
<b>Net Cash Flow</b>	<b>12,891</b>		<b>47.15</b>
Producer share	4,791	37%	17.52
<b>Government Take</b>	<b>8,100</b>	<b>63%</b>	<b>29.63</b>
Federal Income Tax	2,580	20%	9.44
Royalty	2,075	16%	7.59
Property Tax	312	2%	1.14
Production Tax	2,369	18%	8.67
State Income Tax	765	6%	2.80
<b>Alaska State Take</b>	<b>5,521</b>	<b>43%</b>	<b>20.19</b>

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

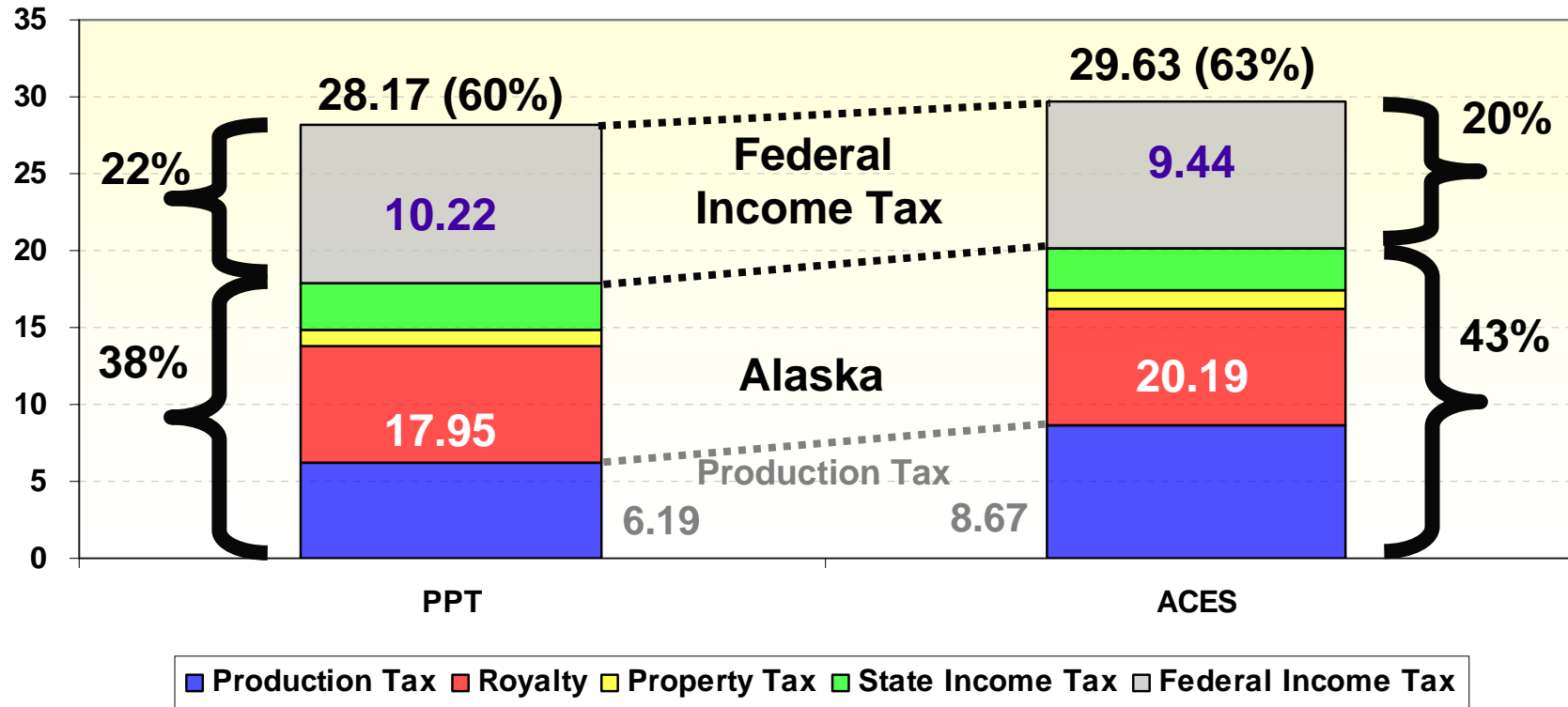
# FY 2009

## Government and Alaska Share



### Comparison Of PPT and ACES

\$/Bbl



**As Alaska's Production Tax increases, Federal Income Tax decreases**

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>	<b>100%</b>	<b>6.19</b>
Base	329	19%	1.20
Progressivity	144	9%	0.53
TIE Credit	203	12%	0.74
<b>Prod Tax under ACES</b>	<b>2,369</b>	<b>140%</b>	<b>8.67</b>

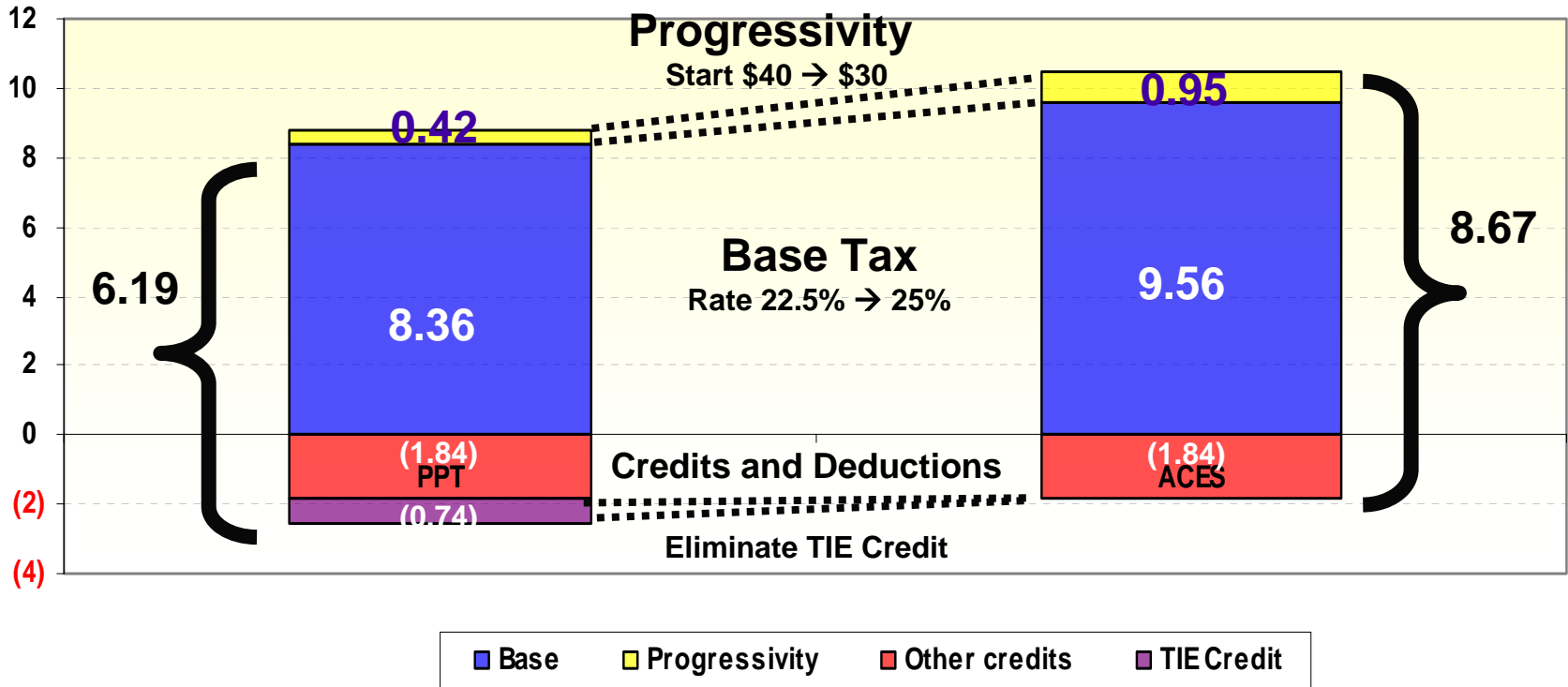
Assumes 749,000 Bopd at official forecast \$66.30/bbl ANS West Coast



# FY 2009 Key Changes Within ACES



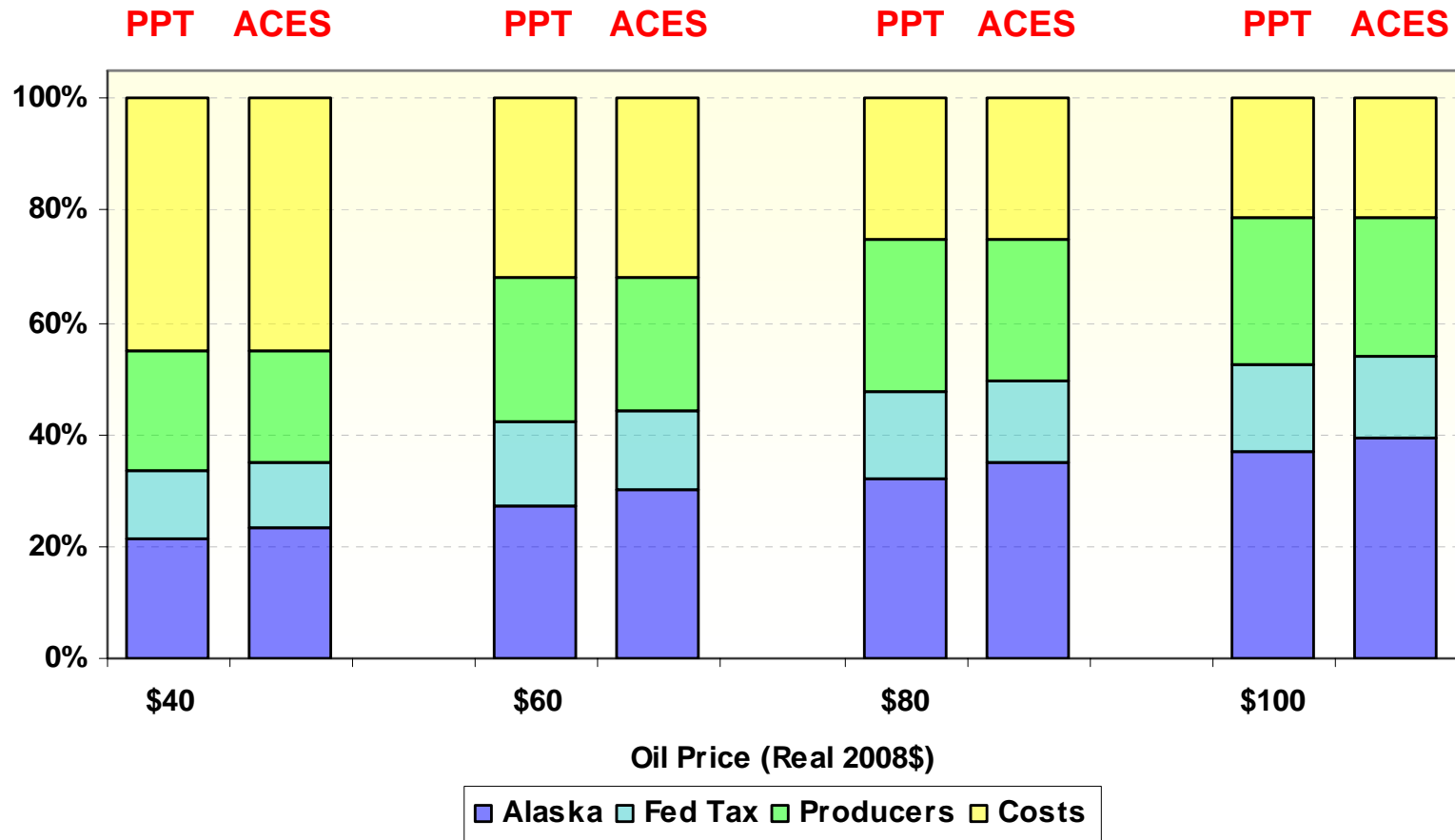
## Production Tax and TIE Credit Impacts



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

# FY 2009

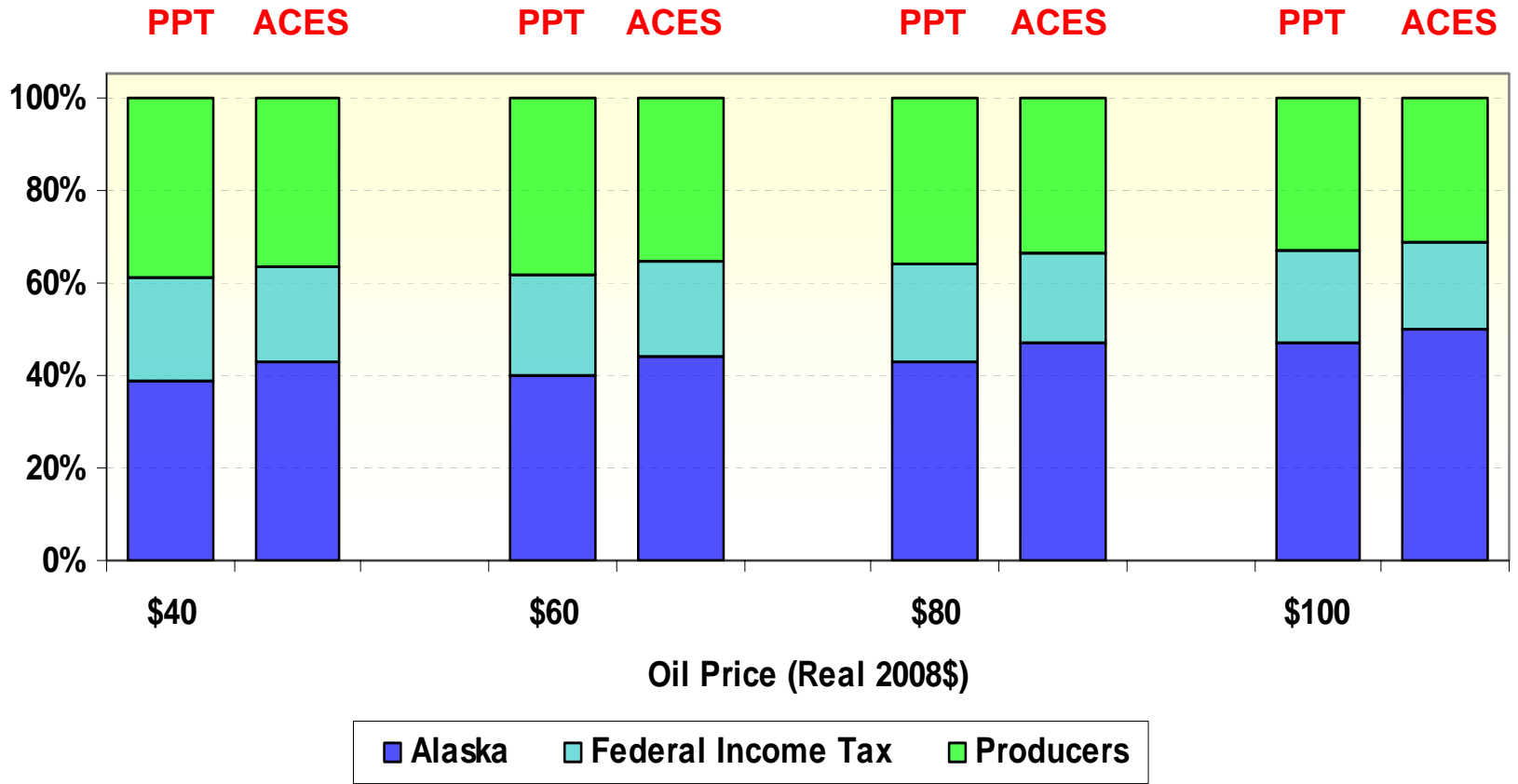
## Share Of Sales Revenue (Percentage)





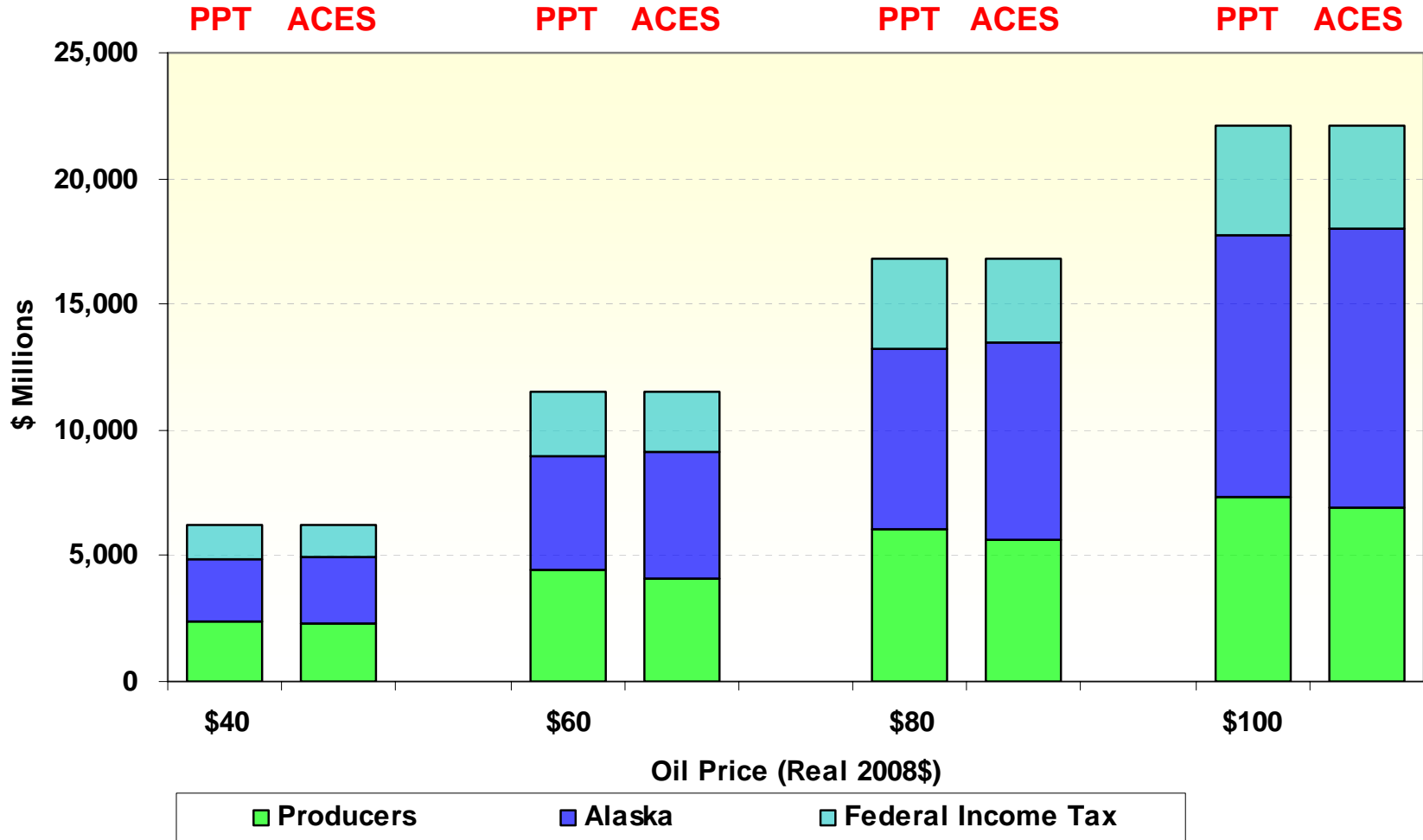
# FY 2009

## Share Of Profit (Percentage)



Profit = Revenue - Costs

# FY 2009 Share Of Profit (\$)



Profit = Revenue - Costs