
Senate Finance

November 6, 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

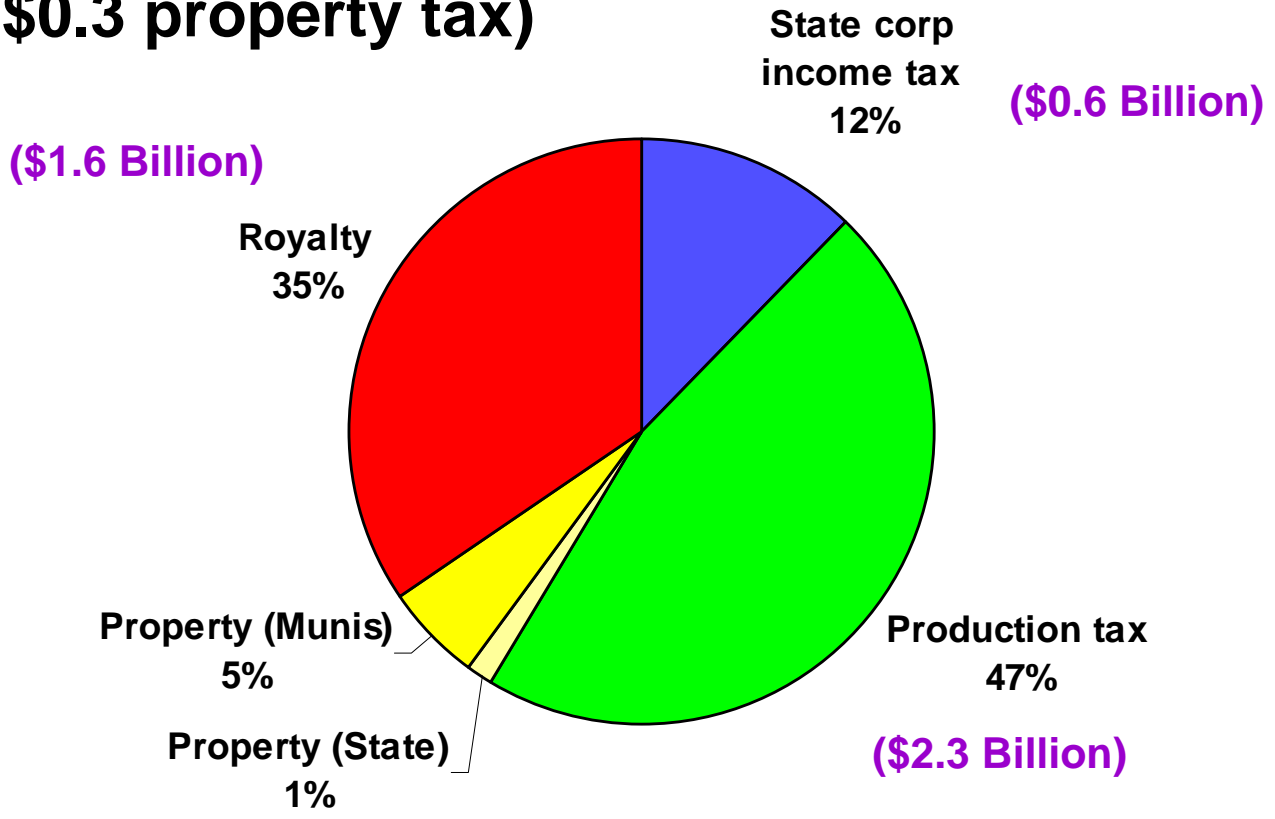
- **State Income Tax**

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



Unrestricted Petroleum Revenues

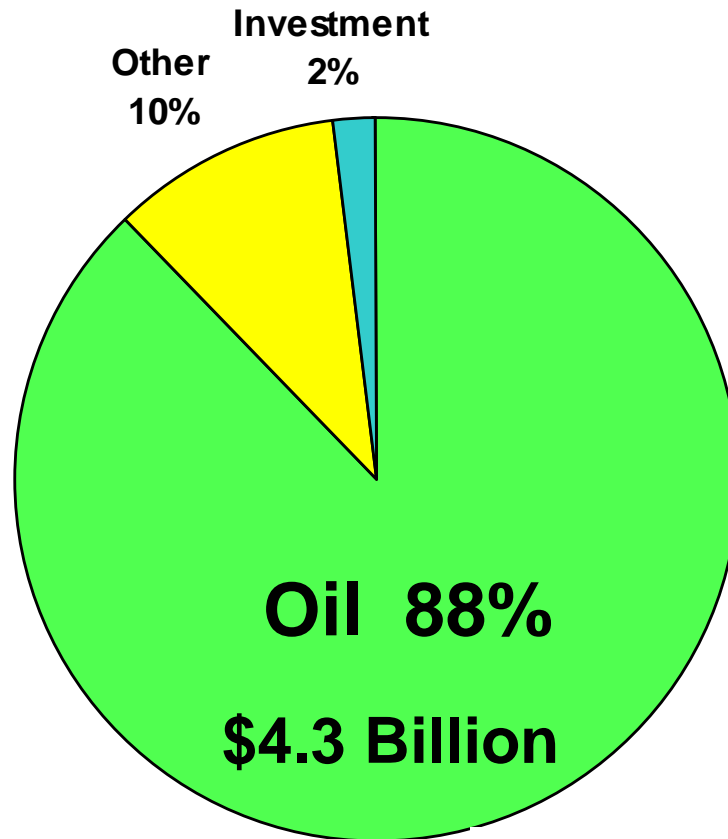
**FY 2007 - \$4.6 Billion State
(plus \$0.3 property tax)**



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	14,908	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	10,504	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	8,811	49%	32.23
less State Income Tax	828	5%	3.03
Federal Income Tax	2,794	15%	10.22
Producer Income	5,189	29%	18.98

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
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	14,908	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	10,504	58%	38.42
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
Pre-CIT Revenue	8,135	45%	29.76
less State Income Tax	765	4%	2.80
Federal Income Tax	2,580	14%	9.44
Producer Income	4,791	26%	17.52

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
Sales Revenue	18,125	18,125	0
<i>less</i> Shipping	470	470	0
TAPS	673	673	0
Royalty	2,075	2,075	0
Gross Value At PoP	14,908	14,908	0
Capex	2,029	2,029	0
Opex	2,063	2,063	0
Property Tax	312	312	0
Net Value At PoP	10,504	10,504	0
<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
Pre-CIT Revenue	8,811	8,135	(676)
<i>less</i> State Income Tax	828	765	(64)
Federal Income Tax	2,794	2,580	(214)
Producer Income	5,189	4,791	(398)

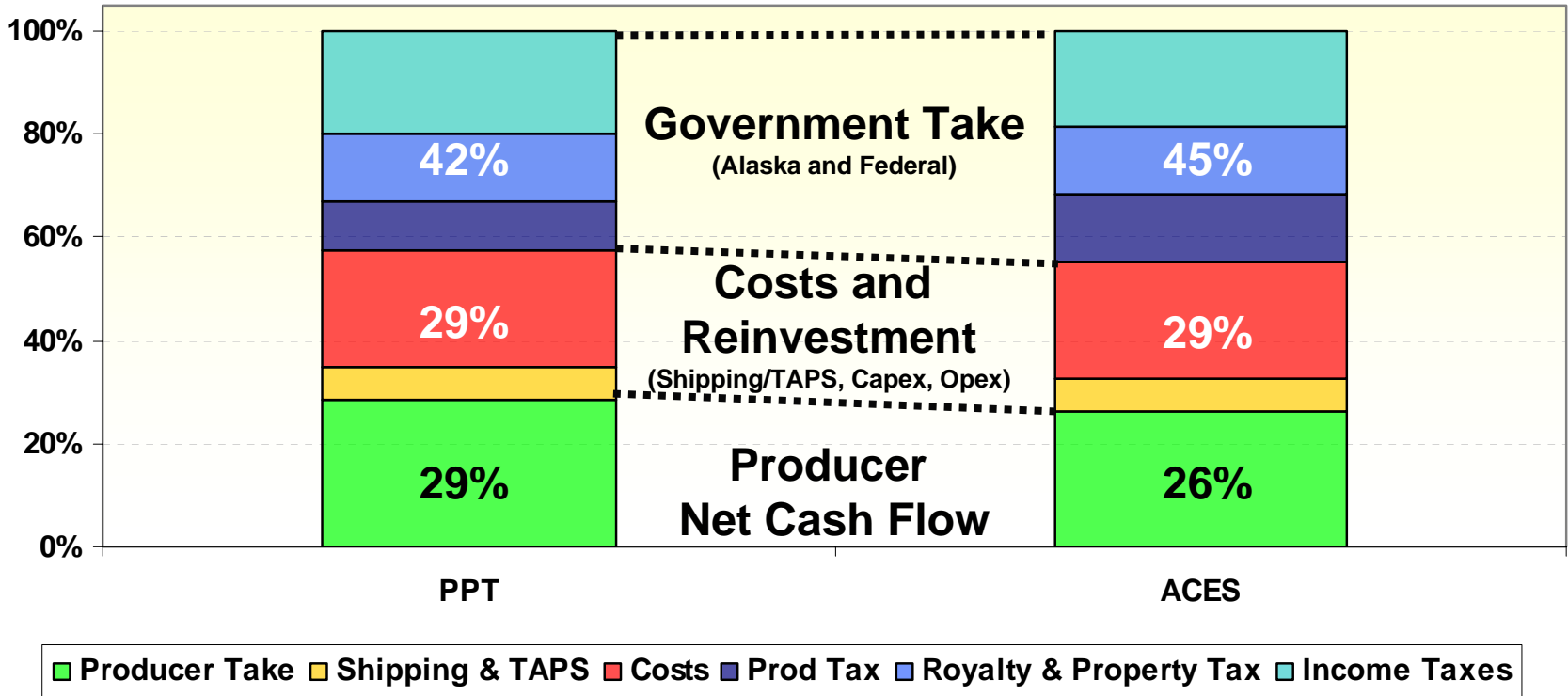
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FY 2009

Sharing Of Sales Revenue



Comparison Of PPT and ACES



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	12,891		47.15
Producer share	5,189	40%	18.98
Government Take	7,702	60%	28.17
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
Alaska State Take	4,908	38%	17.95

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

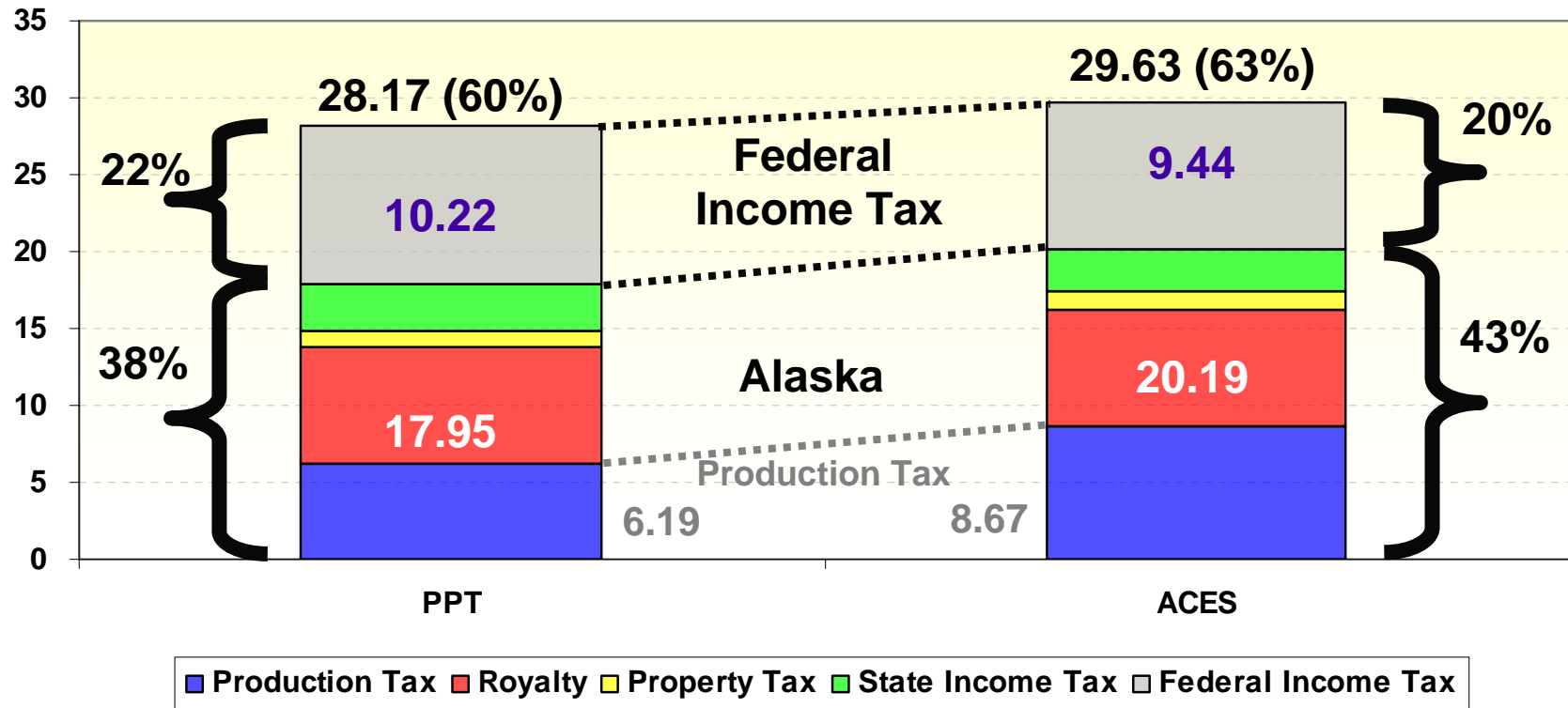
FY 2009

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
Prod Tax under PPT	1,693	100%	6.19
Base	329	19%	1.20
Progressivity	144	9%	0.53
TIE Credit	203	12%	0.74
Prod Tax under ACES	2,369	140%	8.67

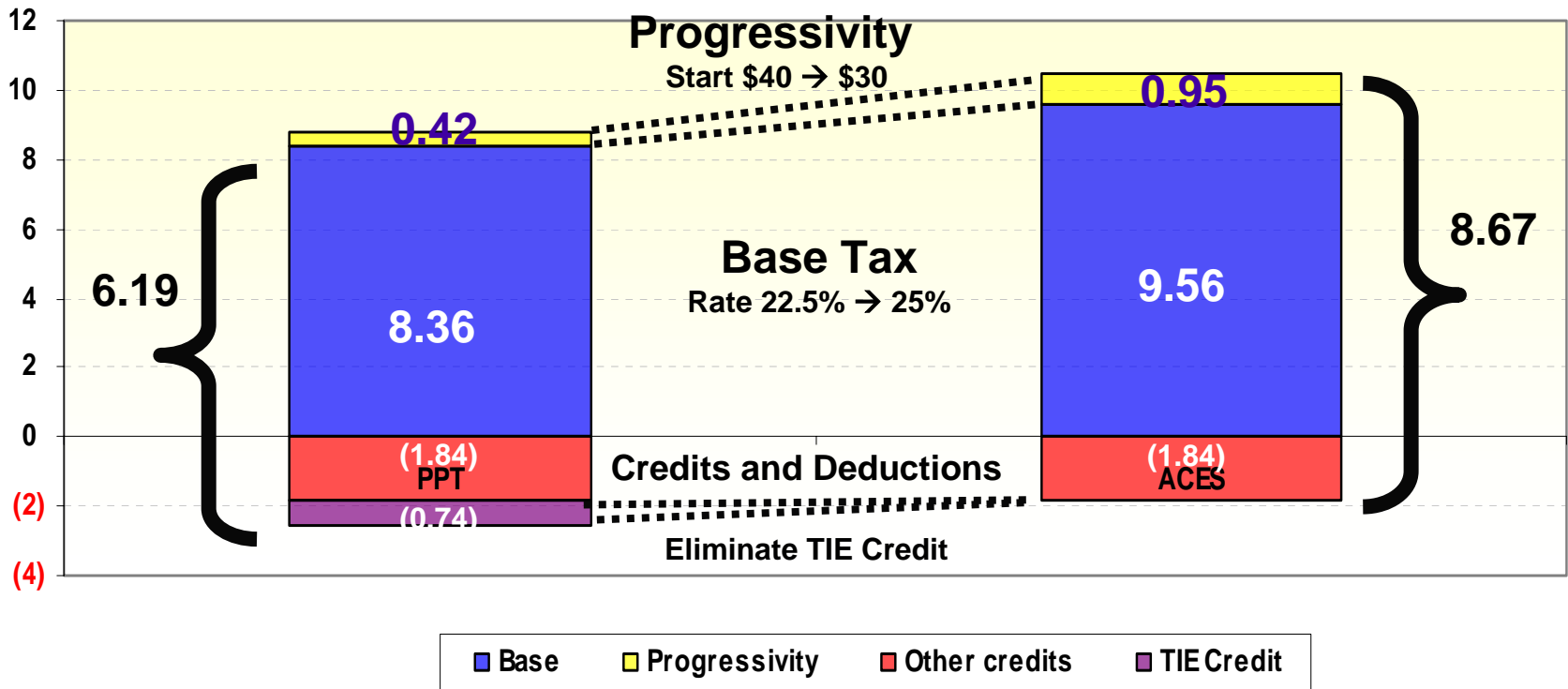
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FY 2009

Key Changes Within ACES



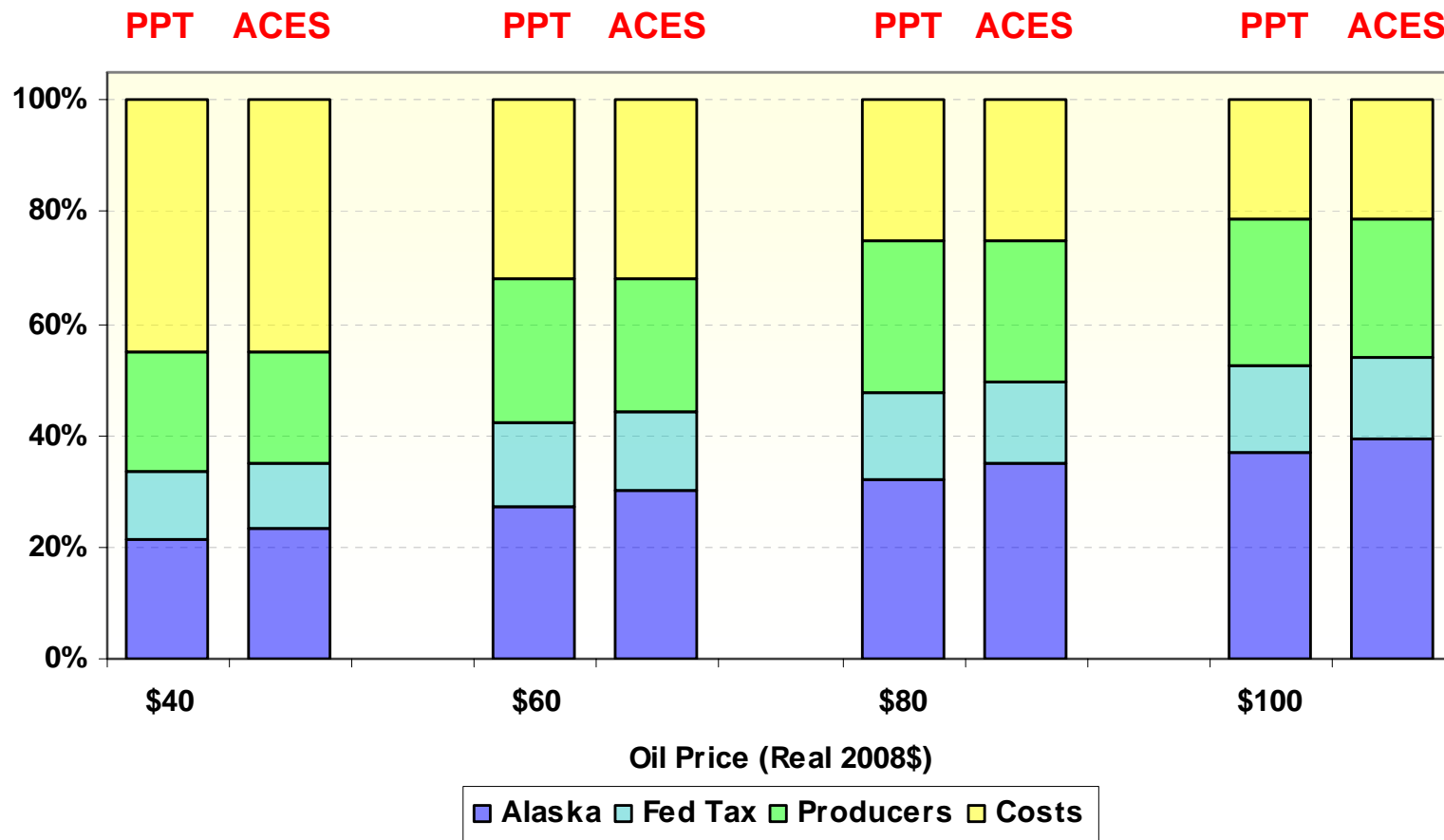
Production Tax and TIE Credit Impacts



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

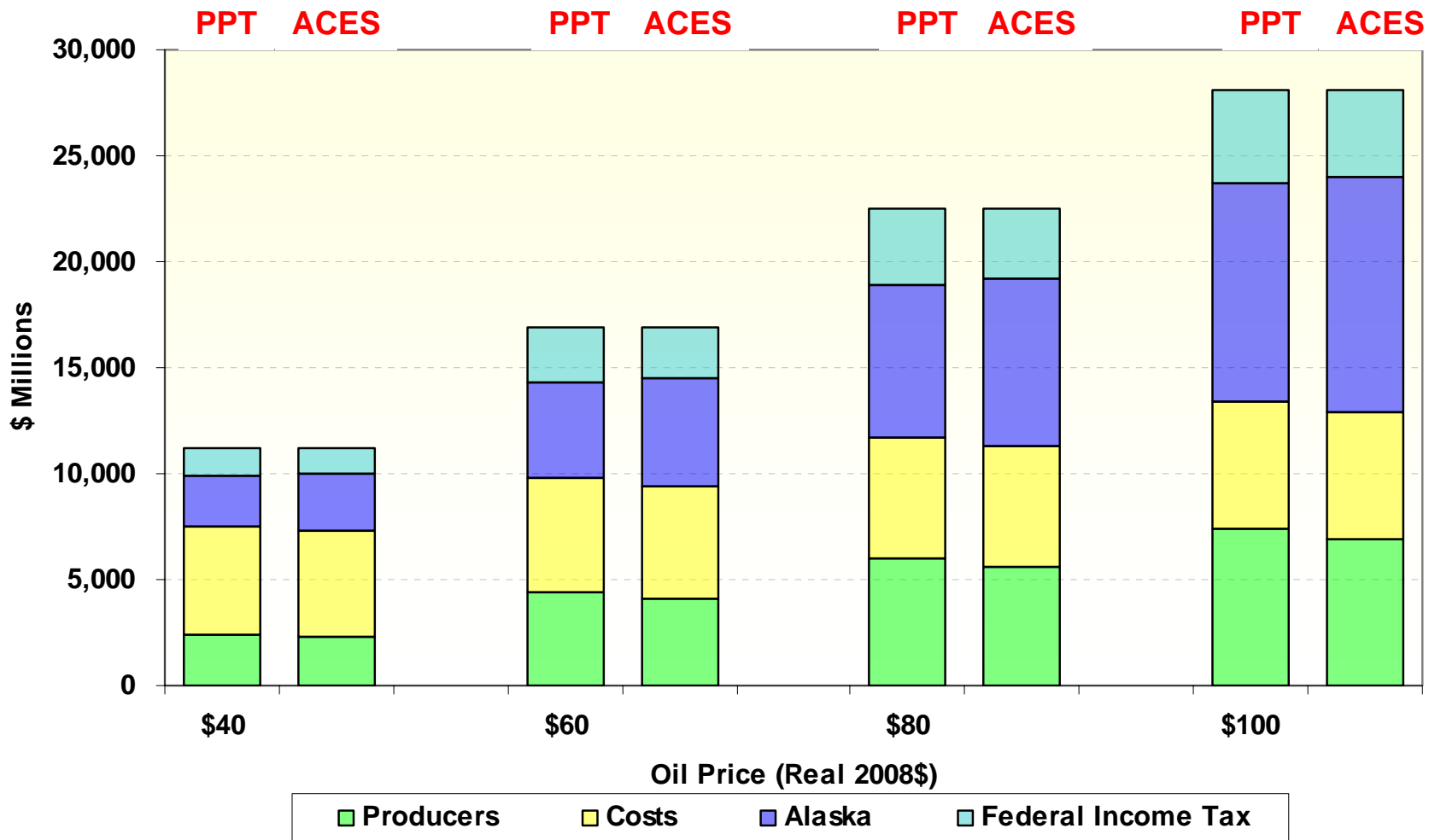
FY 2009

Share Of Sales Revenue (Percentage)



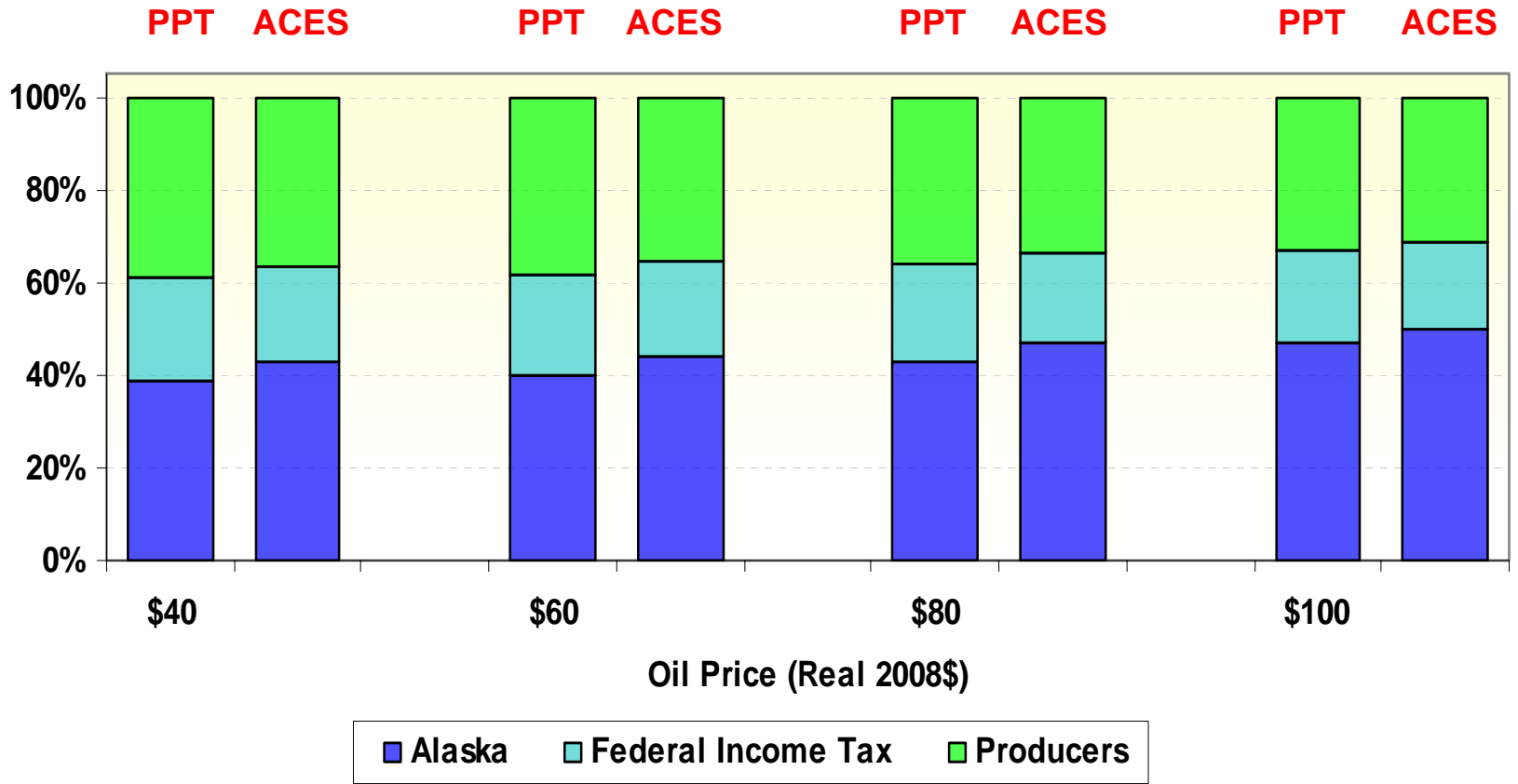
FY 2009

Share Of Sales Revenue (\$)



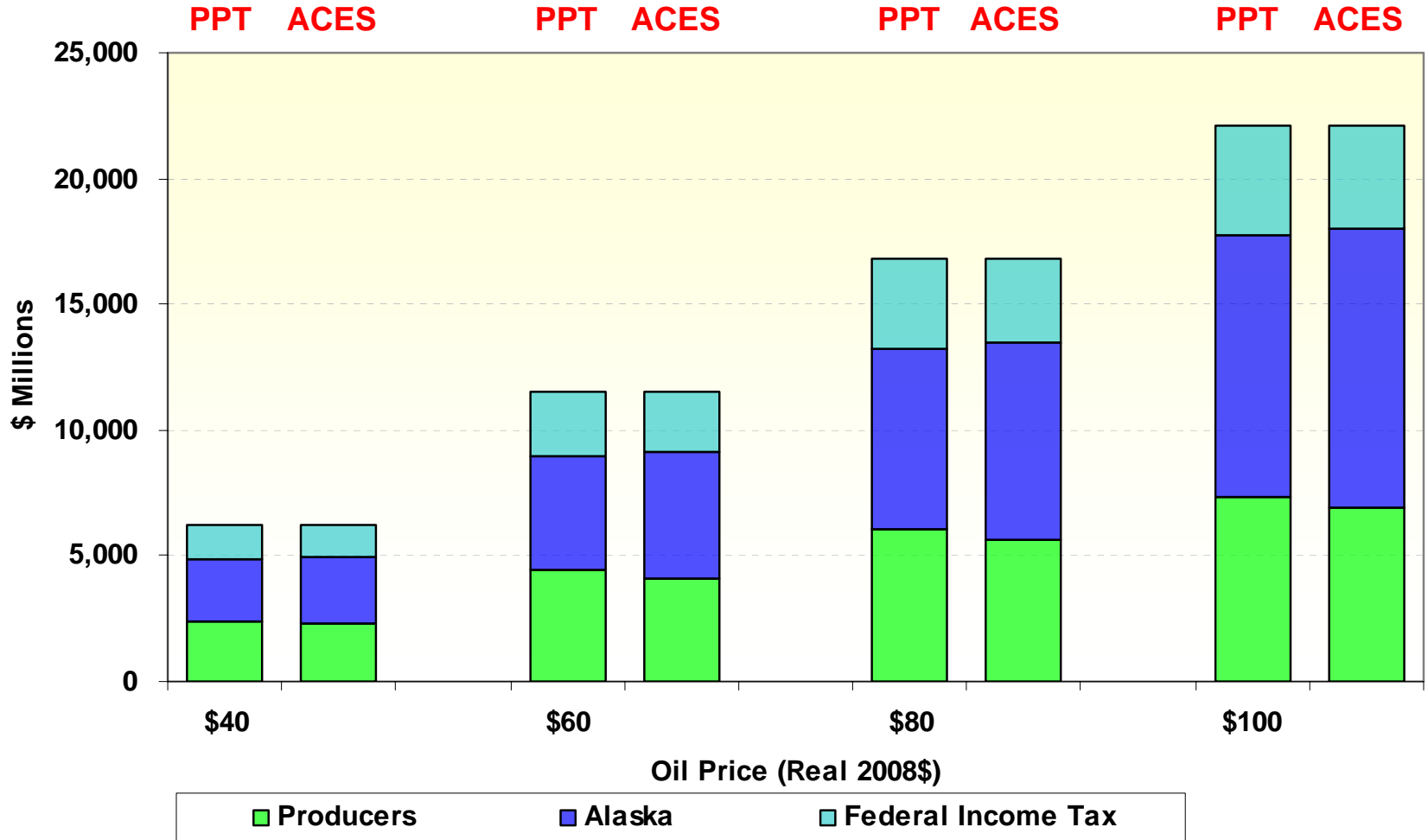
FY 2009

Share Of Profit (Percentage)



Profit = Revenue - Costs

FY 2009 Share Of Profit (\$)



Profit = Revenue - Costs