



# Alaska's Oil Tax: Status & Priorities for the Next Legislative Session



*Presentation to  
"Meet Alaska"  
January 10, 2013*



# Overview



- Governor Parnell's Tax Reform Principles
- Production Decline
  - Alaska continues downward trend.....everyone else still booming
- ACES: 5 Year Forecast vs. 5 Years of Actual
  - How did the 2007 price & production forecasts compare to what actually happened under ACES?
- Goals Leading Into 2013 Legislative Session



# Governor Parnell's Principles



- Tax reform must be fair to Alaskans
- It must encourage new production
- It must be simple so that it restores balance to the system
- It must be durable for the long term

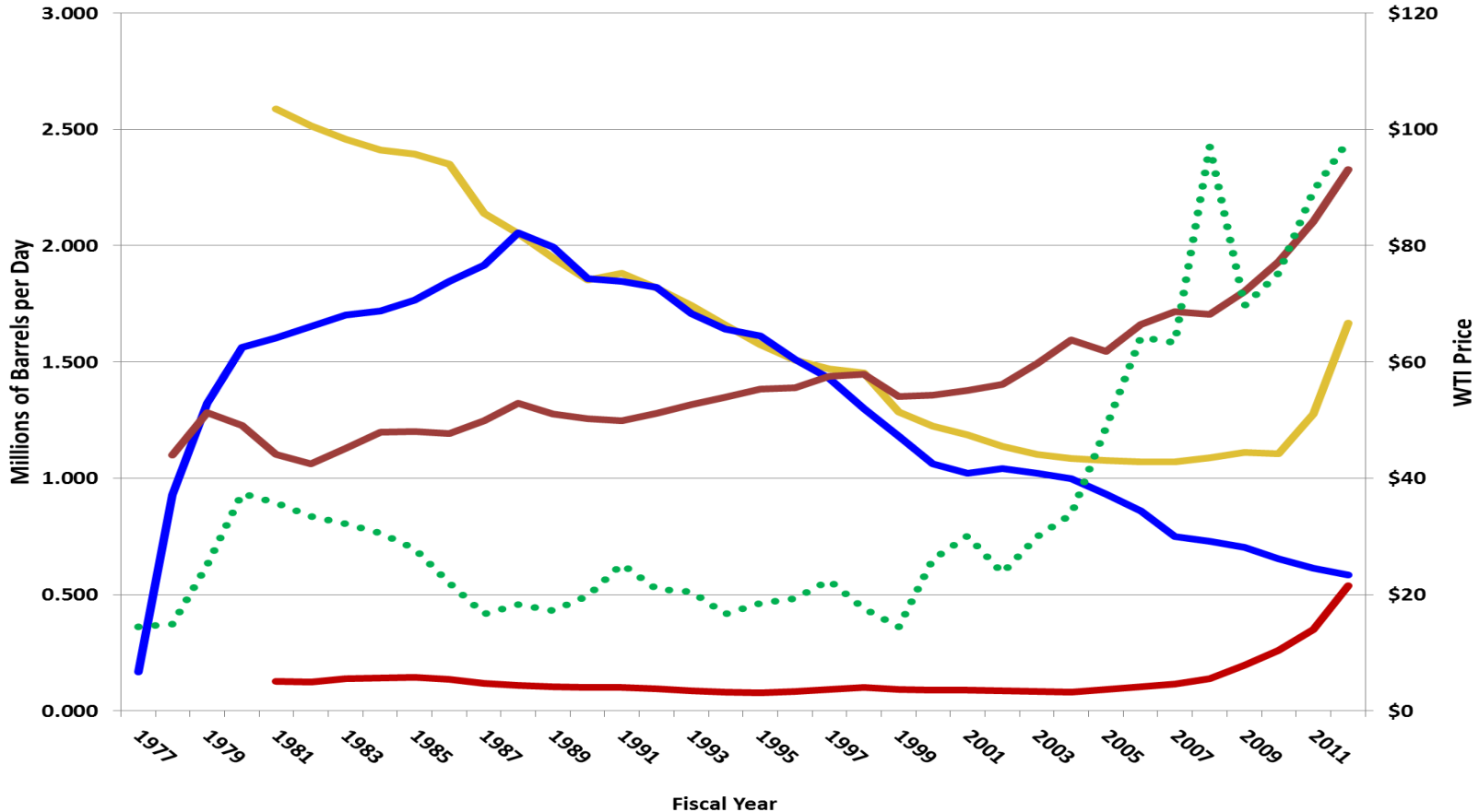


# Historical Oil Production:

## How Did Our Competition Fare When Prices Spiked?



Historical Oil Production Curves with Nominal WTI Price



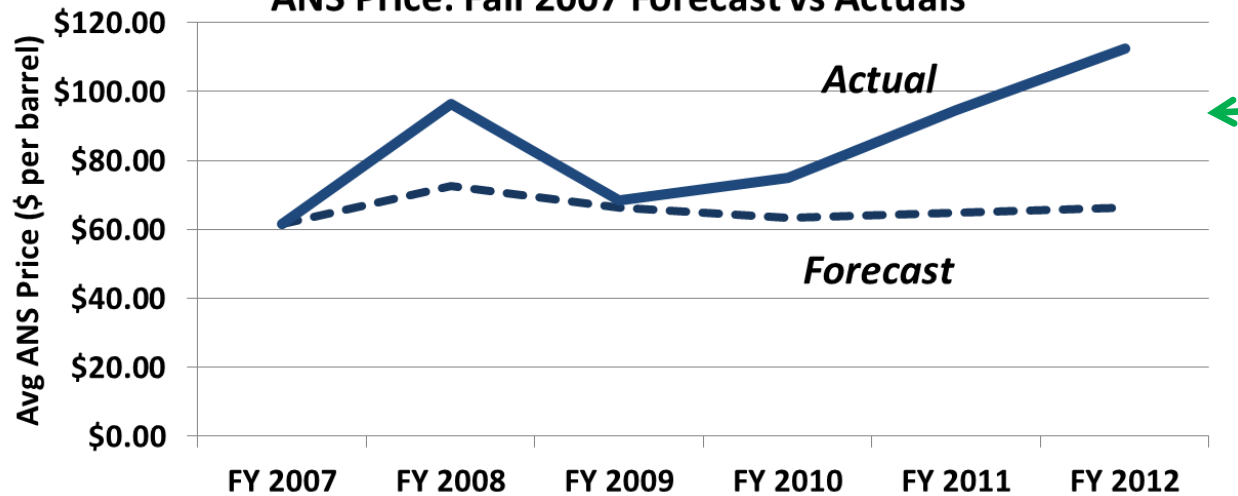
— Texas    — Alaska    — North Dakota    — Alberta    ••• Price - WTI nominal



# Prices & Production: 2007 Forecast vs. Actual



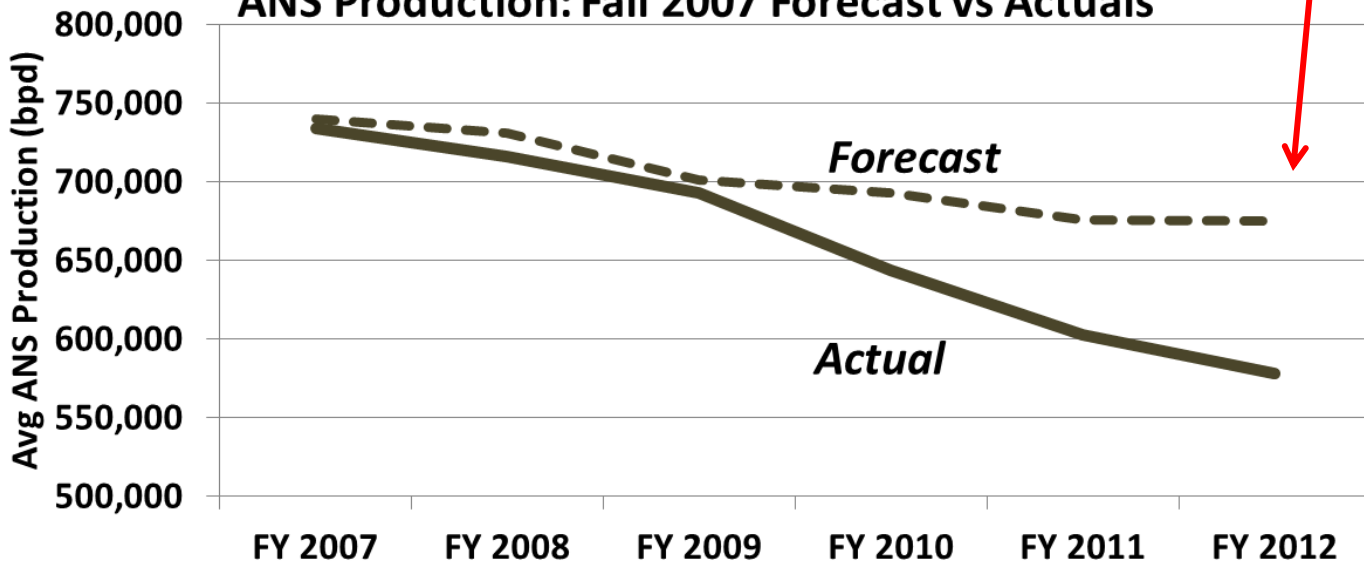
### ANS Price: Fall 2007 Forecast vs Actuals



2012: Prices  
**UP** 70%

2012: Production  
**DOWN** 14%

### ANS Production: Fall 2007 Forecast vs Actuals



Source: Fall 2007 and Fall 2011 Revenue Sources Books; preliminary FY 2012 actuals



# Goals For 2013 - Legislative Session



## Correcting Alaska's tax structure continues to be the Governor's #1 priority

- Alaska MUST become competitive
  - Oil prices remain high
  - Other regions continue to reap the benefits
  - BELOW ground, Alaska is without peer
  - ABOVE ground?.....
- We've learned over the last 5 years:
  - Production didn't pan out as promised under ACES
  - Alaska missed a HUGE opportunity.....our competitors did NOT
  - Even at oil prices 70% over forecasted by ACES, FY12 production still missed by 14%
- Governor Parnell's principles to lead Alaska forward:
  - Tax reform must be fair to Alaskans
  - It must encourage new production
  - It must be simple so that it restores balance to the system
  - It must be durable for the long term



- Alaska has not competed for the last 5 years
- Alaska should no longer settle for “Honorable Mention!”
- From now on.....Trophies Only!

# Thank You