

AN ECONOMY FOR ALASKA'S FUTURE

REPRESENTATIVE GERAN TARR

RDC 38TH ANNUAL
CONFERENCE

DENA'INA CENTER
ANCHORAGE 2017

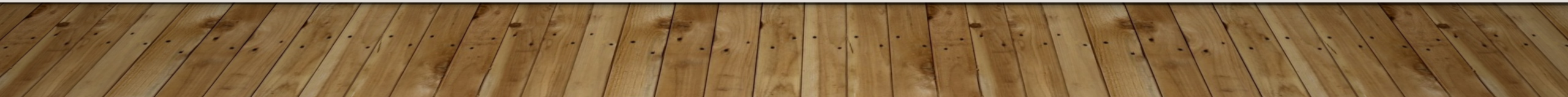


REP. GERAN TARR, CO-CHAIR HOUSE RESOURCES COMMITTEE

- Elected in 2012, AK State House of Representatives
- Botanist, Environmental Engineering, Permitting
- University of Alaska Anchorage Biology Adjunct Faculty, 19 years
- 1st Democratic House Majority Coalition in 25 years



**KEEP
CALM
AND
DON'T SHOOT
THE MESSENGER**



2 SCHOOLS OF THOUGHT ON NEXT STEPS

- Fix oil taxes
- Broad based tax
- Limited use of PF with a larger PFD check annually that grows over time
- Allow for capital projects and investments in education
- Budget cuts
- Spending cap
- Use of PF with smaller PFD check annually that grows minimally over time
- Increased oil production and steady prices around \$60

EVERY INDUSTRY NEEDS.....

- **Stability**
- **Alaska as a reliable business partner**
- **Plan for growth**

LOTS OF GOOD NEWS

adn.com

Alaska Dispatch News

November 1



With high expectations, Alaska's petroleum reserve should see 'unprecedented' exploration this winter

A federal geologist says there are dozens of potential oil pools in just one corner of the National Petroleum Reserve-Alaska, where the Trump administration recently expanded access for the oil industry.

Alex DeMarban November 3


GCI LTE 7:00 AM adn.com

Alaska Dispatch News

Energy

North Slope frozen road construction is up this winter


Author: Alex DeMarban Updated: 14 hours ago
Published 20 hours ago



An ice road is built to support the Armstrong Oil and Gas's Horseshoe exploratory drilling project on Jan. 9, 2017. Ice road construction involves building up multiple layers of ice chips that are then compacted and watered down in place. (Kimberley Maher / Alaska Department of Natural Resources)

adn.com

Alaska Dispatch News



Gov. Walker, joining Trump trade mission to China, sees 'most significant opportunity' for Alaska gas

The governor will join the president's trade mission to Asia in hopes of striking a deal with Chinese companies on the state's \$43 billion gas-export project.

Nathaniel Herz, Alex DeMarban November 2

ASK 3 QUESTIONS

1. How much profit per barrel?
2. How many barrels total?
3. How much revenue to the state?

A Net Profits Tax is very Volatile to Price

SB21 Tax Calculation At Different Prices

per one barrel of taxable oil: FY17 costs per Fall 16 RSB

Price	\$40	\$60	\$80	\$100	\$120	\$140
Transport	\$9.33	\$9.33	\$9.33	\$9.33	\$9.33	\$9.33
GVPP	\$30.67	\$50.67	\$70.67	\$90.67	\$110.67	\$130.67
Lease Expend	\$30.88	\$30.88	\$30.88	\$30.88	\$30.88	\$30.88
PTV (net)	-\$0.21	\$19.79	\$39.79	\$59.79	\$79.79	\$99.79
Tax at 35%	-\$0.07	\$6.93	\$13.93	\$20.93	\$27.93	\$34.93
Per-BBL Credit	\$8	\$8	\$8	\$6	\$4	\$2
Tax per Net	-\$8.07	-\$1.07	\$5.93	\$14.93	\$23.93	\$32.93
Minimum Tax	\$1.23	\$2.03	\$2.83	\$3.63	\$4.43	\$5.23
Higher Of	\$1.23	\$2.03	\$5.93	\$14.93	\$23.93	\$32.93
Tax as % of Price	3%	3%	7%	15%	20%	24%
Tax as % of GVPP	4%	4%	8%	16%	22%	25%
Tax as % of PTV	n/a	10%	15%	25%	30%	33%

USE 20,000 BARRELS AS THE EXAMPLE

20,000 barrels/day increase X 365 days = 7,300,000

X .875 (take out royalty barrels) = 6,387,500 taxable barrels

X 2.03 (min tax of 4% of GVPP) = \$12,966,625

REMEMBER - \$2.5 BILLION SHORTFALL

SHARE THE RESPONSIBILITY

- Ask for your help in passing a fiscal plan
- Broad based revenue can share burden fairly among all Alaska
 - Income based measure asks out of state workers to contribute
- Need a foundation to add stability

INDUSTRIES FOR GROWTH

- Fishing
- Tourism Tourism
 - \$4.17 billion, 47,000 jobs 2 million visitors
 - SB 110 – industry generated idea
- Agriculture
 - \$180 million from Alaska Grown

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VISIT AKLEG.GOV

CONTACT
INFORMATION

