REVENUE BASE (Last Ten Fiscal Years)

Oil Severance Taxes

Fiscal Year	Well-Head Value	Weighted Average Severance Tax Rate **	Weighted Average Economic Limit Factor (ELF)
2005	$38.92 per barrel	14.20%	52.99%
2006	$55.31 per barrel	14.62%	58.26%
2007	$55.79 per barrel	16.90%	Not Applicable
2008	$84.45 per barrel	39.99%	Not Applicable
2009	$62.02 per barrel	20.20%	Not Applicable
2010	$68.89 per barrel	18.04%	Not Applicable
2011	$86.69 per barrel	24.21%	Not Applicable
2012	$103.56 per barrel	42.70%	Not Applicable
2013	$97.81 per barrel	38.60%	Not Applicable
2014*	$96.59 per barrel	27.90%	Not Applicable

*Fiscal Year 2014 information is preliminary and subject to change
**Production tax rate is applied to net production value beginning in FY 2007. Prior to FY 2007, production tax rate was applied to gross value at point of production.

REVENUE RATE: The method of calculating production tax revenue changed on April 1, 2006 with the implementation of the Petroleum Profits Tax (PPT)[a] and on July 1, 2007 with the implementation of the Alaska Clear and Equitable share (ACES) and on January 1, 2014 with the implementation of the More Alaska Production Act (MAPA).

Production tax revenue under the Petroleum Profits Tax (PPT),- Alaska Clear and Equitable Share (ACES), and More Alaska Production Act (MAPA) is calculated as follows, with the difference between PPT, - ACES, and MAPA shown in the notes:

[(Petroleum Value[1] minus Costs[2]) times Tax Rate[3]] minus Credits[4]

[1] Petroleum Value = (Total number of barrels[a] produced minus royalty barrels[b]) multiplied by the wellhead value[c]
- [a] The total number of barrels of oil equivalent produced
  - See the Royalty Revenue Capacity Schedule B-3 for number of barrels produced.
- [b] Minus the number of royalty barrels
  - Barrels that are charged royalties are not taxed, therefore these barrels are subtracted from the total.
- [c] Multiplied by the wellhead value
  - Destination value minus allowable marine and transportation costs of each barrel.

[2] Costs = Lease expenditures, including qualified operating and capital expenses

[3] Tax Rate = PPT: The production tax rate is 22.5% of the petroleum value minus costs ("net income"). A progressive surcharge of .25% is added for every dollar that this "net income" per barrel exceed $40. Total maximum tax rate is 47.5%.
ACES: The production tax rate is 25% of the petroleum value minus costs ("net income"). A progressive surcharge of .4% is added for every dollar that this "net income" per barrel exceeds $30 and is less than $92.50. At $92.50, the progressive surcharge changes to .1% for every additional dollar in net value. Total maximum tax rate is 75%.
MAPA: The production tax rate is 35% of the petroleum value minus costs.

[4] Credits = PPT: Includes a 20% credit for all qualified capital expenditures, 20% credit for eligible transition expenditures, and a small producer credit of up to $12 million per year for qualified companies.
ACES: Includes a 20% credit for all qualified capital expenditures, and a small producer credit of up to $12 million per year for qualified companies.
MAPA: Includes a per-taxable-barrel credit of $0 to $8 per barrel, depending on oil prices, and a small producer credit of up to $12 million per year for qualified companies.

Prior to April 1, 2006 the Revenue Rate was calculated using the Economic Limit Factor (ELF).
The effective severance tax rate under the ELF was computed as: (Number of barrels produced less the number of royalty barrels) × the wellhead value x the severance tax rate × ELF.

REVENUE PAYERS (Current Reporting Period and Period Ten Years Prior)

	2014	2005
Alaska Statute 43.05.230 prohibits naming individual tax payers.	Five oil companies account for more than 99.7% of severance tax.	Five oil companies account for more than 99.9% of severance tax.
Amount of Revenue Base	Five oil companies account for 184,037 thousands of barrels of oil production.	Five oil companies account for 332,924 thousands of barrels of oil production.
Percent of top payers to total oil production	91.6%	99.0%
Percent of top payers to total production tax revenue	99.7%	99.9%

SOURCE:
Alaska Department of Revenue, Tax Division

NOTES:
[a] The Petroleum Profits Tax (PPT) became effective on April 1, 2006, replacing the previous production tax system based on the Economic Limit Factor (ELF). Production taxpayers paid under the ELF system through the end of December 2006, with a 'true-up' of tax liability under the PPT system due in April 2007. All revenues received at that time that were attributable to the PPT system were considered FY 2007 revenues.