

REVENUE SOURCES BOOK
FORECAST AND HISTORICAL DATA

FALL 1996



STATE OF ALASKA
Tony Knowles, Governor

DEPARTMENT OF REVENUE
Wilson L. Condon, Commissioner

STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

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November 1, 1996

The Honorable Tony Knowles
Governor of Alaska
P.O. Box 110001
Juneau, Alaska 99811-0001

Dear Governor Knowles:

I am enclosing our Fall 1996 Revenue Forecast. Alaska's revenues continue to be dependent on the vagaries of the oil market. As a result of unusually robust oil prices since last March, the State collected \$55 million more than expected in FY 1996, and we now expect to collect an additional \$428 million in FY 1997. Net Disposable Unrestricted General Fund Revenue for FY 1996 was \$2227.5 million, and we project \$2419.6 million for FY 1997. ANS oil prices in destination markets averaged \$17.76 per barrel in FY 1996, and we now project those prices to average \$20.33 per barrel in FY 1997.

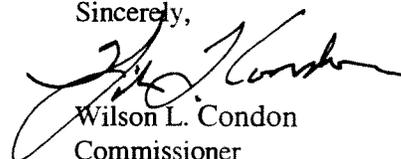
In the short term, we forecast oil prices to begin to decline from their current October level of \$22.70/bbl to an average of \$17.95/bbl by next April. We expect oil prices to average \$17.71 per barrel in FY 1998, up slightly from the \$16.75 per barrel we forecast last spring. Our forecast for North Slope production for FY 1997 and FY 1998 remains the same as last spring averaging 1.429 million barrels per day in FY 1997 and 1.373 million barrels per day in FY 1998.

Over the long term we continue to project falling revenues. We project declining oil production over the next 25 years by an average of 5.3 percent per year, and increasing oil prices at a rate of 3.7 percent per year in nominal dollars from a base of \$17.60 per barrel in FY 1999.

Our long-range price forecast is almost identical to last fall's. We continue to forecast long term modest growth in global oil usage, and we project that oil production outside of OPEC will grow very slightly. Consequently, we expect a modest growth in the need for additional production from OPEC and modest upward pressure on oil prices over the long run.

There is good news on the oil production front. We have increased our volume projections for North Slope oil and natural gas liquids by 165 million barrels for the forecast period FY 1997 through FY 2020. This increase is the result of the recently announced decision to produce the Alpine field. In addition we forecast increases in production from satellite fields near the Prudhoe Bay and Kuparuk River reservoirs. Our outlook for future oil production is optimistic but realistic. We know that the industry is currently committing resources to commercialize both heavy oil and the North Slope natural gas resources. Our forecast includes a conservative projection for heavy oil production and does not include an estimate of the revenue from a major gas sale.

Sincerely,



Wilson L. Condon
Commissioner



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EXECUTIVE SUMMARY

REFERENCE CASE

Short-Term Outlook (FY 1996-1999)

We have increased our short-term revenue forecast to reflect higher oil revenues as oil prices continue to exceed \$20/bbl. This is substantially above the \$16.67/bbl we used last spring to estimate FY 1997 revenue. We anticipate that oil prices will begin to soften by next spring as current high prices bring more oil to the market and the likelihood of the return of Iraqi oil to world markets increases. We call this forecast the “reference case.” Since many uncertainties with respect to oil markets continue to influence the value of Alaska oil production, and given the State’s reliance on oil production revenue, we recommend that the reader examine the petroleum revenue sensitivity matrices on pages 34-36 to understand the effects different oil prices and production assumptions have on State revenues.

Highlights from our Fall 1996 forecast are:

- * Oil prices continue at 10-year highs—above \$20/bbl since mid-August. In this forecast, we project that oil prices will begin to fall below the \$20/bbl level next spring.
- * The revenue outlook for both FY 1997 and 1998 averages over \$2 billion. FY 1999 revenue averages \$1.9 billion.
- * General Fund Unrestricted Revenue now includes estimates of all program receipts generated at the State agency level.
- * Oil production declines at approximately 4.3 percent per year over the next three years averaging 1.429 million bbl/day in FY 1997, 1.373 million bbl/day in FY 1998, and 1.293 million bbl/day in FY 1999.
- * Non-petroleum revenues are modestly higher than projected last spring. Most non-petroleum revenue sources are expected to remain stable over the short term.

TABLE 1. **SHORT-TERM REFERENCE CASE**
Fall 1996 Forecast Projections

FY	General Fund Unrestricted Revenue (Billions of Dollars)	ANS Market Price (\$/Barrel)	ANS Production (Million Barrels/Day)
1996*	\$2.135	\$17.76	1.475
1997	\$2.410	\$20.33	1.429
1998	\$2.015	\$17.71	1.373
1999	\$1.910	\$17.59	1.293

* PRELIMINARY ACTUAL

REFERENCE CASE

Long-Term Outlook (FY 2000-2020)

Our long-term outlook for revenue has not significantly changed from the long-term forecast made in the fall of 1995. Long-term oil prices are projected to be modestly lower as the result of assuming a somewhat lower rate of real (inflation adjusted) growth. Oil production over the long term is assumed to be modestly higher than last fall's forecast (we project an additional recovery of 165 million barrels between FY 1997 and 2015). This is the result of the recently announced development plans for the new Alpine oil field and technological advances which will increase production of smaller pools of oil in existing fields, particularly in and around the Prudhoe Bay and Kuparuk River units.

Highlights for the long-term forecast include:

- * New oil field development at Alpine and Northstar contribute to the increased production in FY 2000 and 2001. However, smaller oil fields will have lower tax rates than currently depleting fields due to the Economic Limit Factor (ELF.) (See Figure 2 on adjacent page.)
- * Technological advances boost recovery from existing North Slope fields.
- * Oil prices drift up slowly as a growing global economy puts mild pressure on OPEC reserves.
- * Non-petroleum revenue grows at about 1.5 percent annually.

TABLE 2. **LONG-TERM REFERENCE CASE**
Fall 1996 Forecast Projections

FY	General Fund Unrestricted Revenue (Billions of Dollars)	ANS Market Price (\$/Barrel)	ANS Production (Million Barrels/Day)
2000	\$1.871	\$18.21	1.288
2001	\$1.898	\$18.84	1.308
2002	\$1.842	\$19.52	1.240
2003	\$1.797	\$20.21	1.164
2004	\$1.736	\$20.93	1.080
2005	\$1.672	\$21.67	1.007
2010	\$1.529	\$26.09	0.734
2015	\$1.504	\$31.55	0.563
2020	\$1.423	\$38.15	0.396

FIGURE 1.

**FALL 1996 REFERENCE CASE, ACTUAL FY 1978-1995,
PRELIMINARY ACTUAL FY 1996, AND PROJECTED FY 1997-2020**

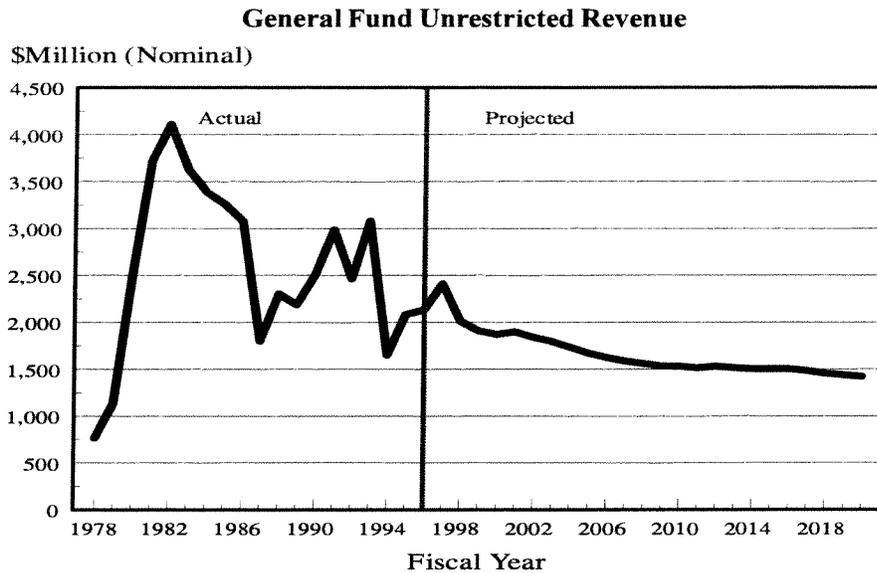


FIGURE 2.

**DECLINE OF ECONOMIC LIMIT FACTOR (ELF)
ACTUAL AND PROJECTED FOR FIELDS WITH CURRENT ELF GREATER THAN ZERO**

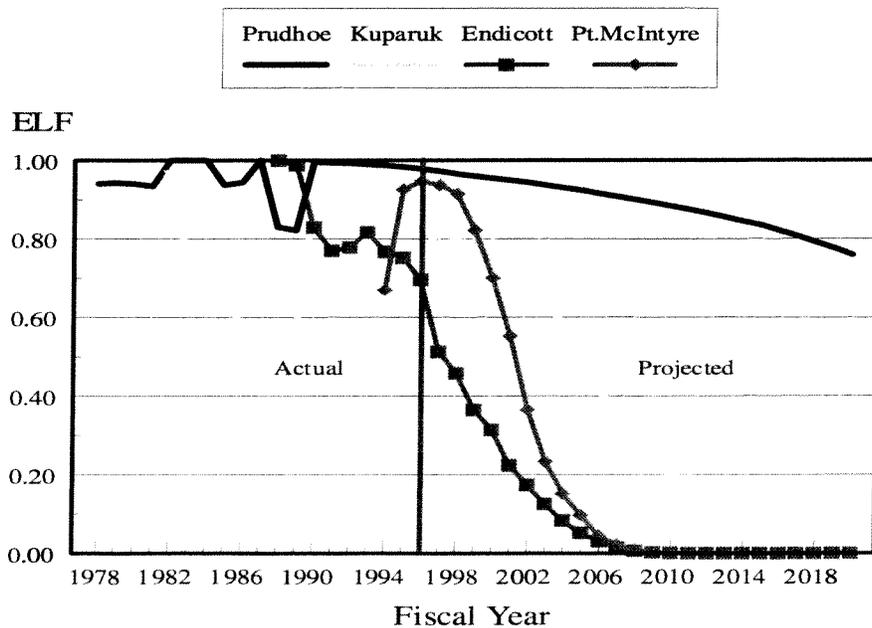


FIGURE 3.

**FALL 1996 REFERENCE CASE, ACTUAL FY 1978-1995,
PRELIMINARY ACTUAL FY 1996, AND PROJECTED FY 1997-2020**

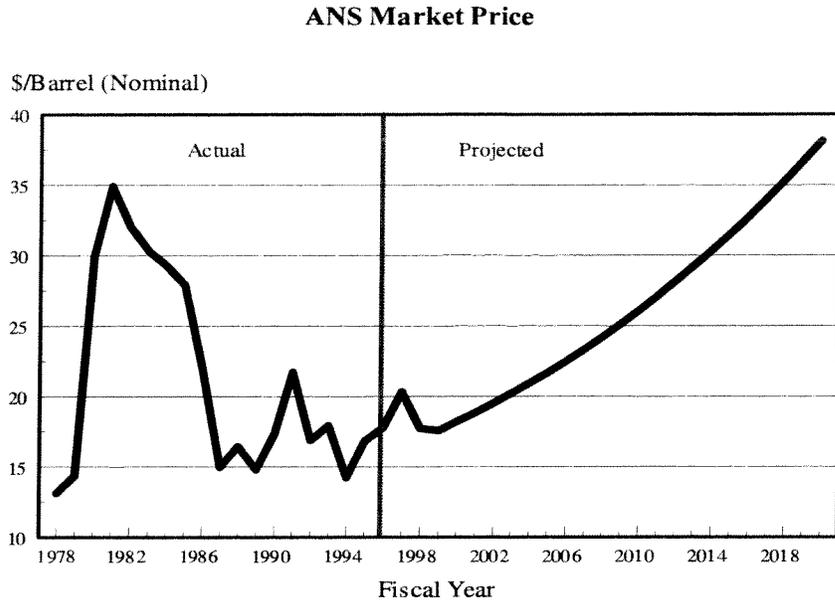
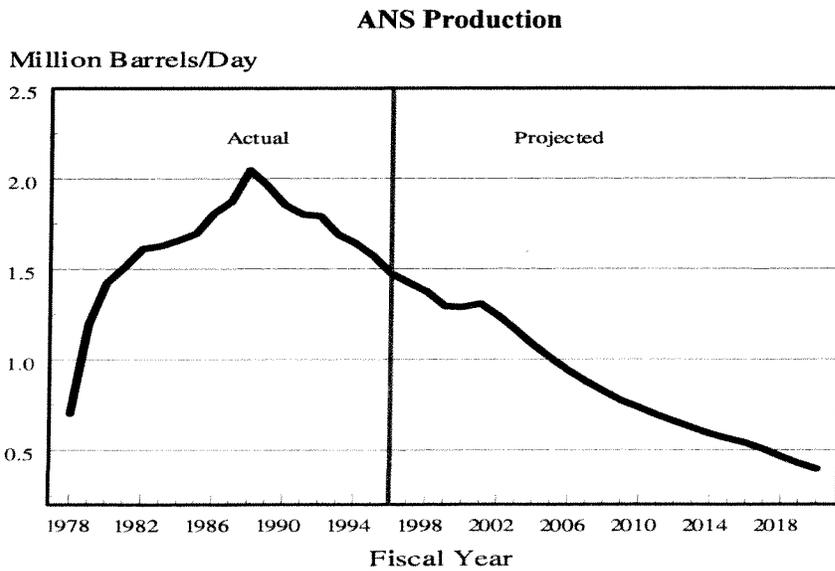


FIGURE 4.

**FALL 1996 REFERENCE CASE, ACTUAL FY 1978-1995,
PRELIMINARY ACTUAL FY 1996, AND PROJECTED FY 1997-2020**



REVENUE FORECAST

SHORT-TERM OUTLOOK, FY 1996-1999

The pages which follow summarize the Alaska revenue forecast by source.

GENERAL FUND UNRESTRICTED REVENUE AND NET DISPOSABLE GENERAL FUND UNRESTRICTED REVENUE

The Department of Revenue has historically forecast an amount of General Fund Unrestricted Revenue that included all the "UNRESTRICTED REVENUE" items in the state accounting system (AKSAS) together with certain program receipts that are accounted for as "RESTRICTED REVENUE" in AKSAS. Starting with this forecast, we have included all program receipts in the General Fund Unrestricted Revenue category reflected in Table 3, General Fund Unrestricted Revenue, because these program receipt revenues are not restricted to any particular use. The following categories of revenue in Table 3 now include additional program receipts: Licenses and Permits, Charges for Services, and Miscellaneous Revenue.

Both the Governor's Office of Management and Budget and the Legislature make a series of adjustments to the Department of Revenues's forecast of General Fund Unrestricted Revenue to derive a forecast of Net Disposable General Fund Unrestricted Revenue. Reductions include the following: (1) earmarking revenue for specific programs like the Marine Highway System; and (2) revenue shared with qualified local governments and organizations (e.g. fisheries taxes). Additions include: (1) transfer payments from State-owned entities like the Alaska Housing Finance Corporation and the Alaska Industrial Development and Export Authority; and (2) settlements of legal disputes that are not subject to deposit in the Constitutional Budget Reserve Fund (CBRF).

Table 4 reflects the derivation of Net Disposable General Fund Unrestricted Revenue. The total revenue reflected in this table is the amount generally used for budget and budget planning purposes. Net Disposable General Fund Unrestricted Revenue does not include settlements from disputes over mineral taxes and royalties, or funds in the CBRF. The balance of the invested assets in the CBRF as of June 30, 1996, was \$2,556 million.

TABLE 3.

GENERAL FUND UNRESTRICTED REVENUE

This table presents the General Fund Unrestricted Revenue forecast in a new structure which conforms to the account structure of the State accounting system (AKSAS). The table includes all the program receipts reflected in AKSAS. This is a change in accounting for program receipts in our forecast of General Fund Unrestricted Revenue.

	1996*	1997	1998	1999
TAXES				
<u>Property Tax - Oil and Gas (1)</u>	55.9	50.9	48.4	45.8
<u>Sales/Use Tax</u>				
Alcoholic Beverage	12.0	12.0	12.0	12.0
Tobacco Products	14.2	14.3	14.5	14.6
Insurance Premium	28.2	28.2	28.2	28.2
Electric and Telephone Cooperative (2)	2.5	2.3	2.3	2.3
Motor Fuel Tax-Aviation (3)	8.2	8.2	8.2	8.2
Motor Fuel Tax-Highway	21.0	20.5	21.3	22.2
Motor Fuel Tax-Marine	<u>8.5</u>	<u>8.6</u>	<u>8.6</u>	<u>8.6</u>
Total	94.6	94.1	95.1	96.1
<u>Income Tax</u>				
Corporation General	53.3	50.1	50.1	50.1
Corporation Petroleum	<u>173.7</u>	<u>220.0</u>	<u>165.0</u>	<u>160.0</u>
Total	227.0	270.1	215.1	210.1
<u>Severance Tax</u>				
Oil and Gas Production	771.7	906.8	708.8	653.3
Oil and Gas Conservation	1.8	1.8	1.7	1.6
Oil and Gas Hazardous Release (4)	<u>13.7</u>	<u>13.2</u>	<u>12.9</u>	<u>12.1</u>
Total	787.2	921.8	723.4	667.0
<u>Other Natural Resource Tax</u>				
Salmon and Seafood Marketing (5)	8.6	7.3	7.2	3.7
Salmon Enhancement (6)	5.2	5.0	5.0	5.0
Fisheries Business (7)	38.2	37.3	37.0	37.0
Fishery Resource Landing (8)	7.1	7.1	7.1	7.1
Mine and Mining	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>
Total	59.6	57.2	56.8	53.3
<u>Other Tax</u>				
Estate	1.7	1.4	1.4	1.4
Charitable Gaming	<u>1.9</u>	<u>2.1</u>	<u>2.2</u>	<u>2.3</u>
Total	3.6	3.5	3.6	3.7
TOTAL TAXES	1227.9	1397.7	1142.4	1076.0

(1) Amounts represent the State's share of the total oil and gas property taxes collected. Estimated total property taxes and the municipalities' share are as follows (millions \$): FY 1996: \$301.6 and \$248.3; FY 1997: \$289.8 and \$228.9; FY 1998: \$275 and \$226.6; FY 1999: \$259.1 and \$213.3. Note that these tax revenues are not reflected as shared taxes in Table 4 because the State never receives the municipal portion of this tax.

(2) 100 percent of the tax is subject to sharing with qualified municipalities (AS 10.25.570). See Table 4.

	1996*	1997	1998	1999
LICENSES AND PERMITS				
<u>Motor Vehicle</u>	29.9	29.9	29.9	29.9
<u>Other (9)</u>	31.1	31.1	31.1	31.1
TOTAL LICENSES AND PERMITS	61.0	61.0	61.0	61.0
INTERGOVERNMENTAL RECEIPTS	1.0	1.0	1.0	1.0
CHARGES FOR SERVICES				
<u>Marine Highways (10)</u>	38.5	40.3	40.9	41.7
<u>Airport</u>	0.1	0.1	0.1	0.1
<u>Other (11)</u>	36.8	36.8	36.8	36.8
TOTAL CHARGES FOR SERVICES	75.4	77.2	77.8	78.6
FINES AND FORFEITURES	9.3	9.3	9.3	9.3
RENTS AND RESOURCES				
<u>Oil and Gas Bonuses (12)(13)</u>	2.1	0.3	0.0	0.0
<u>Oil and Gas Royalties (12)</u>	645.8	760.0	633.6	593.7
<u>Timber Sales</u>	1.5	1.5	1.5	1.5
<u>Coal Rent and Royalties (12)</u>	1.2	1.6	2.6	3.6
<u>Other Resource Revenues</u>	11.5	11.5	11.5	11.5
TOTAL RENTS AND ROYALTIES	662.1	774.9	649.2	610.3
INVESTMENT EARNINGS	64.0	55.0	40.0	40.0
OTHER MISCELLANEOUS	33.8	33.8	33.8	33.8
TOTAL GENERAL FUND UNRESTRICTED REVENUE (14)	2134.5	2409.9	2014.5	1910.0

*PRELIMINARY ACTUAL

- (3) 60 percent of taxes attributable to aviation fuel sales at municipality owned or operated airports are subject to sharing with qualified municipalities (AS 43.40.010). See Table 4.
- (4) Reflects enactment of the modified conservation surcharge on oil (AS 43.55.300-310).
- (5) Provides annual funding, based on collections, for the Alaska Seafood Marketing Institute (AS 16.51.120 and AS 43.76.120). The salmon marketing tax sunsets on June 30, 1998. See Table 4.
- (6) Provides annual funding, based on collections, for qualified regional aquaculture associations (AS 43.76.025). See Table 4.
- (7) 50 percent is subject to sharing with qualified municipalities (AS 43.75.130). See Table 4.
- (8) 50 percent is subject to sharing with qualified municipalities (AS 43.77.060). Since taxpayers have contested the constitutionality of the tax, the shared portion (\$2.8 million collected for FY 1996) is currently escrowed by the municipalities. See Table 4.
- (9) Includes amounts of amusement and gaming licenses (AS 43.35.050) and liquor licenses (AS 04.11.610) shared to qualified municipalities. See Table 4.
- (10) The gross revenue of the State ferry system is deposited in the Alaska Marine Highway Fund (AS 19.65.06) and may then be appropriated for system operating and capital expenditures.
- (11) Most fees charges by various agencies are program receipts. Includes miscellaneous receipts for services, park fees, and land-disposal fees.
- (12) Net of Permanent Fund and Public School Fund contributions.
- (13) The State is planning another Cook Inlet Sale (85A) in December 1996. The next North Slope areawide lease sale is in June 1998. Other future sales include a re-offer of Cook Inlet leases and Beaufort Sea Sales—Sale 86 in September 1997 and Sale 85A in February 1998. 50 percent of the bonuses are deposited into the Permanent Fund.
- (14) This includes all revenues that are collected by the State and are not restricted in their use. Federal and other grants are restricted revenues which are excluded from this table.

TABLE 4.

NET DISPOSABLE GENERAL FUND UNRESTRICTED REVENUE

Each year the Governor's Office of Management and Budget and the Legislature must make three adjustments to the Department of Revenue's projected General Fund Unrestricted Revenue to derive Net Disposable General Fund Unrestricted Revenue. First, the amount of the tax and license revenues collected by the State that are passed through to municipalities must be deducted. Second, certain pass through and earmarked General Fund revenue items that the Legislature treats as "RESTRICTED" must also be deducted. Third, certain miscellaneous other revenue must be added. Table 4 reflects Net Disposable General Fund Unrestricted Revenue.

	1996*	1997	1998	1999
UNRESTRICTED TO RESTRICTED				
<u>Tax Shared With Municipal Government (1)</u>				
Electric and Telephone Cooperative	(2.5)	(2.3)	(2.3)	(2.3)
Fuel Tax-Aviation	(0.2)	(0.2)	(0.2)	(0.2)
Fisheries Business	(19.7)	(18.7)	(18.5)	(18.5)
Fishery Resource Landing	(3.0)	(3.0)	(3.0)	(3.0)
Liquor Licenses and Coin-Operated Device	(0.9)	(0.9)	(0.9)	(0.9)
Total	(26.3)	(25.1)	(24.9)	(24.9)
<u>Pass Throughs (2)</u>				
Salmon and Seafood Marketing	(8.6)	(7.3)	(7.2)	(3.7)
Salmon Enhancement	(5.2)	(5.0)	(5.0)	(5.0)
Total	(13.8)	(12.3)	(12.2)	(8.7)
<u>Earmarked (3)</u>				
Marine Highways	(38.5)	(40.3)	(40.9)	(41.7)
TOTAL UNRESTRICTED TO RESTRICTED	(78.6)	(77.7)	(78.0)	(75.3)
RESTRICTED TO UNRESTRICTED (4)				
Deposit Excess Loan Funds	0.9	0.6	0.4	0.3
Trans-Alaska Pipeline Liability Fund	4.8	20.0	0.0	0.0
AHFC Payment	70.0	50.0	50.0	50.0
AIDEA Payment	15.0	15.0	16.0	15.0
Mitigation Receipts and Storage Tank Registration Fees	1.7	1.8	5.4	7.5
Executive Life Transfers	79.2	0.0	0.0	0.0
TOTAL RESTRICTED TO UNRESTRICTED	171.6	87.4	71.8	72.8
NET ADJUSTMENTS TO GENERAL FUND				
UNRESTRICTED REVENUE	93.0	9.7	(6.2)	(2.5)
UNRESTRICTED GENERAL FUND REVENUE				
AS REFLECTED IN TABLE 3	2134.5	2409.9	2014.5	1910.0
NET DISPOSABLE GENERAL FUND UNRESTRICTED REVENUE	2227.5	2419.6	2008.3	1907.5

*PRELIMINARY ACTUAL

- (1) These taxes and fees are collected by the State and, some or all of the taxes or fees are paid to municipalities.
- (2) These fisheries-related items are General Fund Revenue (Article IX, Section 7 of the Alaska Constitution). Nevertheless, these amounts have always been appropriated for certain fisheries development and marketing purposes. For budget planning, these are treated as restricted revenues.
- (3) Ferry system revenue is general revenue (Article IX, Section 7 of the Alaska Constitution). For budget planning, this revenue is treated as restricted revenue.
- (4) These "RESTRICTED" items in AKSAS are treated as unrestricted revenues for budgeting.

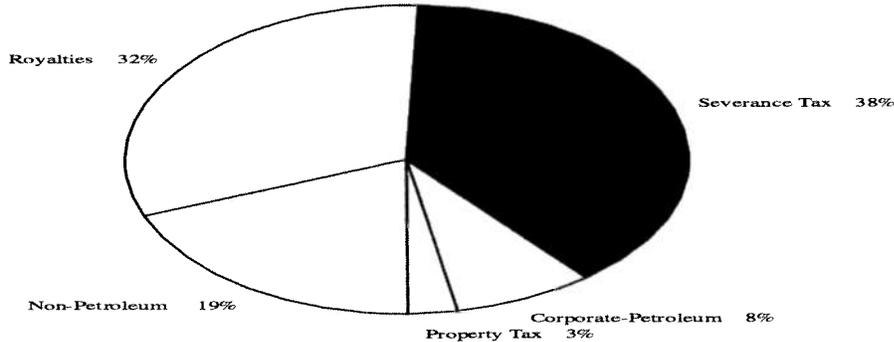
PETROLEUM REVENUE OVERVIEW

Petroleum revenues accounted for 78 percent of total General Fund Unrestricted Revenue in FY 1996. Alaska's North Slope continues to contribute the majority of the State's petroleum revenue (96 percent in FY 1996).

The majority of total State revenue will continue to come from petroleum in the form of: (1) severance (or production) taxes, (2) oil and gas royalties on state and federal land, (3) petroleum corporation income taxes, (4) petroleum property taxes, and (5) petroleum rents and lease bonuses. The graph below shows the percentages of petroleum and non-petroleum revenue making up total FY 1996 General Fund Unrestricted Revenue.

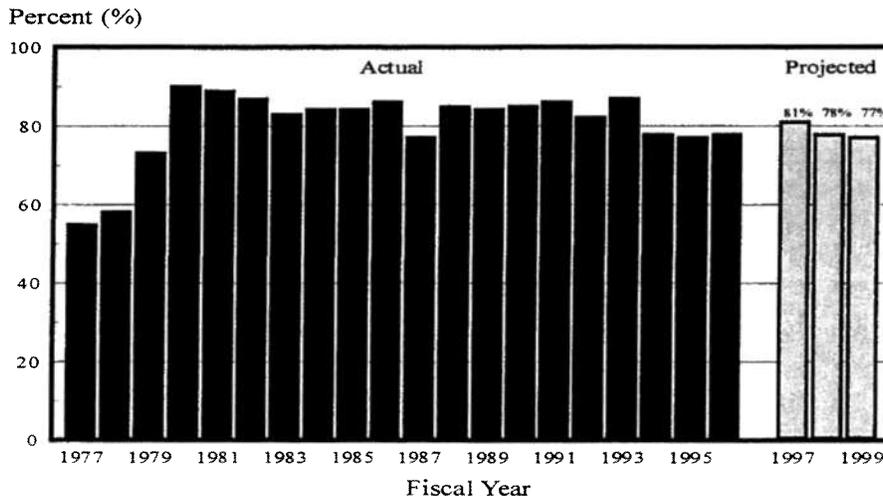
FIGURE 5.

**FY 1996 PRELIMINARY ACTUAL
GENERAL FUND UNRESTRICTED REVENUE
Petroleum and Non-Petroleum Revenues as Percentages of the Total**



As shown in Figure 6, petroleum revenues have provided over 75 percent of the State's General Fund Unrestricted Revenue for the last eighteen years. Petroleum revenues are projected to make up 81 percent of General Fund Unrestricted Revenue in FY 1997, 78 percent in FY 1998, and 77 percent in FY 1999.

FIGURE 6. **PERCENTAGE OF GENERAL FUND UNRESTRICTED REVENUE DERIVED FROM PETROLEUM**



CURRENT MARKET SITUATION

Alaska North Slope oil price soared to an average of \$20.40/bbl last March and has averaged \$20.64/bbl so far in calendar year 1996. September ANS price averaged \$21.69/bbl. Oil prices have been pushed up as demand continues to outpace supply. Demand has been driven by continued strong economic growth in the rapidly industrializing economies of Asia and modest growth in the mature economies like the US and Europe. At the same time, uncertainty about the timing of the return of Iraq to the market place has caused crude oil inventories to be drawn down in the face of high cash prices and anticipated lower prices when Iraqi crude oil becomes available. With Iraq still out of the market, the result is that both end-use demand and inventory demand will remain strong heading into the winter.

This forecast assumes that oil prices will begin to move down by next spring to levels closer to \$17.90/bbl. Current high oil prices will encourage additional production from both OPEC and non-OPEC countries and will tend to dampen global economic demand for oil. At the same time, we believe there is an increasing likelihood that Iraqi exports will be allowed by the United Nations.

Organization of Petroleum Exporting Countries (OPEC)

OPEC crude oil production has averaged nearly 26 million bbl/day so far in 1996. Price strength can be attributed to the fact that OPEC production has been fairly stable. The International Energy Agency estimates that non-OPEC production increases have filled 1.3 million bbl/day of the increase in global demand (1.7 million bbl/day) this year.

OPEC will meet in Vienna November 25, when the issue of raising quotas and the Iraq situation will no doubt be the focus of discussions. With Iraq on the side lines, and oil prices close to the long term OPEC target level, it appears that no strategic change in quotas will be called for. This forecast assumes that OPEC production will continue to drift up; but more importantly, there is an increasing probability that Iraq will again be a significant exporter of crude oil.

TABLE 5. **OPEC PRODUCTION**
(Million Barrels/Day)

<u>Country</u>	<u>August 1996</u>	<u>1996 Quota</u>	<u>Over/(Under) Quota</u>
Algeria	0.830	0.750	0.080
Indonesia	1.428	1.330	0.098
Iran	3.700	3.600	0.100
Iraq	0.670	1.200	(0.530)
Kuwait ¹	2.050	2.000	0.050
Libya	1.390	1.390	0.000
Nigeria	2.020	1.865	0.155
Qatar	0.470	0.378	0.092
Saudi Arabia ¹	8.000	8.000	0.000
UAE	2.200	2.161	0.039
Venezuela	<u>2.900</u>	<u>2.359</u>	<u>0.541</u>
TOTAL	25.658	25.033	0.625

¹ Share Neutral Zone output.

Source: Platt's Oilgram News (9/10/96).

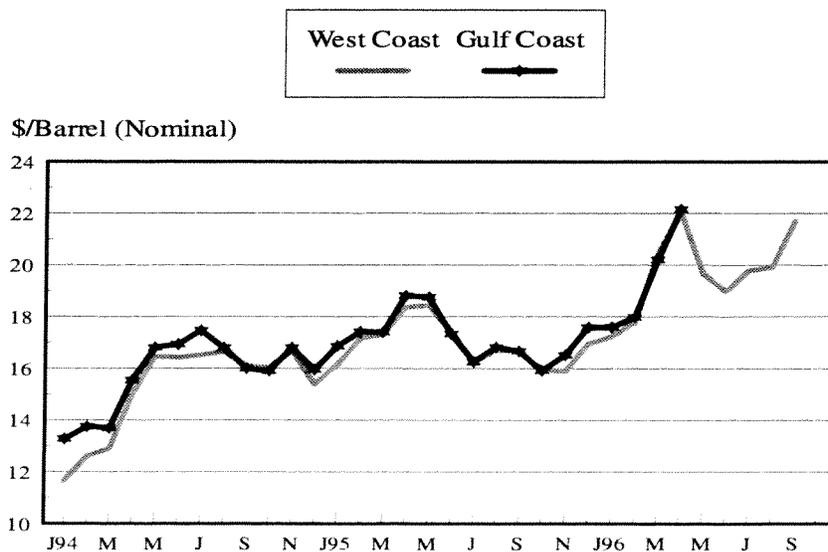
Alaska North Slope

The spot price for Alaska North Slope (ANS) crude oil averaged \$17.76/bbl in FY 1996. So far, FY 1997 oil prices have averaged \$20.64/bbl, \$3.97/bbl higher than we forecast in the Spring 1996 forecast. The price reporting services now only provide a spot price quote for ANS for West Coast delivery. Currently, 90 percent of ANS is sold either in Alaska or on the West Coast while 10 percent goes to Foreign or US Gulf Coast markets.

According to press accounts, ANS is being delivered to Asian markets, with volumes purchased by Taiwanese, Korean, and Japanese refiners. Information available from the US Maritime Administration shows that for May through August 1996, Valdez loadings for shipment of ANS to Asia averaged 26,500 barrels/day. This forecast assumes that export volumes will increase over the next two years, averaging 70,000 barrels/day. This is about the amount of oil in excess of West Coast and Alaska refinery requirements. Although pricing terms are still uncertain, we assume that export prices will be competitive with ANS West Coast sales. Diverting sales from US Gulf Coast markets to the closer Asian markets will enhance the netback value of ANS production. We estimate that the ability to export ANS will mean an additional \$10 million to the State treasury in both FY 1997 and 1998. As ANS production falls, so will exports. This forecast assumes that exports will cease to make economic sense by FY 1999.

FIGURE 7.

HISTORICAL ANS SPOT PRICES (\$/Barrel)



ANS OIL PRICE AND PRODUCTION FORECAST ASSUMPTIONS

Market Price

The Department of Revenue relies on spot oil prices as reported in Platt's Oilgram Price Report. Currently, prices reported by the North Slope producers for both severance tax and royalty purposes closely track spot prices. Actual royalties are paid based on a value which is determined through a market basket of crude oil prices that include the ANS spot price.

Fall 1996 reference case sales price projections for ANS market prices (average of sales prices to the US West Coast, US Gulf destinations, and the Far East) are listed in Table 6 below.

TABLE 6. MARKET PRICE (\$/Barrel)	
FY 1996*	\$17.76
FY 1997	\$20.33
FY 1998	\$17.71
FY 1999	\$17.59

*PRELIMINARY ACTUAL

Transportation Costs

As ANS production continues to decline, the increase in West Coast petroleum demand, and the availability of Far East markets will result in diminished shipments to the Gulf Coast. Our fall forecast assumes that barrels currently going to the Gulf Coast will be diverted to Far East markets. Consequently, we expect average shipping costs to decrease over the next few years.

TABLE 7. AVERAGE MARINE TRANSPORTATION COSTS (\$/Barrel)	
FY 1996*	\$1.63
FY 1997	\$1.53
FY 1998	\$1.47
FY 1999	\$1.44

*PRELIMINARY ACTUAL

Trans-Alaska Pipeline System (TAPS) Tariff

The TAPS tariff is determined according to the TAPS Settlement Methodology, a ratemaking method approved by the Federal Energy Regulatory Commission that allows the TAPS owners to recover their costs, including an allowance for profit.

Tariffs are filed on a calendar year basis with new tariffs taking effect January 1 each year. The expected average tariff filing for calendar year 1997 is \$2.72/bbl. The following table contains projected fiscal year tariffs.

TABLE 8. TAPS TARIFFS	
(\$/Barrel)	
FY 1996*	\$3.60
FY 1997	\$2.80
FY 1998	\$2.59
FY 1999	\$2.60

*PRELIMINARY ACTUAL

Feeder Pipeline Costs

The following table contains projected pipeline costs. Certain additional transportation costs are incurred to move the various crude oils which make up ANS to the trans-Alaska pipeline system. These include both feeder pipeline charges and other cost adjustments to account for the different qualities of oil entering the pipeline.

TABLE 9. FEEDER PIPELINE COSTS	
(\$/Barrel)	
FY 1996*	\$0.09
FY 1997	\$0.10
FY 1998	\$0.11
FY 1999	\$0.13

*PRELIMINARY ACTUAL

Wellhead Price

The combination of ANS wellhead value and production is the basis for both State severance taxes and royalties. The wellhead value is calculated by subtracting the pipeline tariff and marine transportation costs (as well as adjustments for North Slope feeder pipelines, TAPS pumpability charges, and pipeline quality bank adjustments) from the sales price.

TABLE 10. WELLHEAD PRICE (\$/Barrel)	
FY 1996*	\$12.67
FY 1997	\$15.92
FY 1998	\$13.54
FY 1999	\$13.43
*PRELIMINARY ACTUAL	

Production

The production assumptions for Alaska North Slope were developed on a field-by-field basis starting with any changes in the assumed known proven and unproven reserves used in our Fall 1995 forecast. The Fall 1996 forecast adds the newly announced reserves at Alpine, and also assumes additional reserves from what are currently being called satellite developments in and around the Prudhoe Bay and Kuparuk River units. The development of these new reserves more than offset modest reductions in near to medium-term production from the Prudhoe Bay and Kuparuk River fields and results in an additional 165 million barrels of production for the period FY 1997-2015 over our Fall 1995 forecast. (See Figure 8).

FIGURE 8. FALL 1996 vs. FALL 1995 ANS PRODUCTION FORECAST

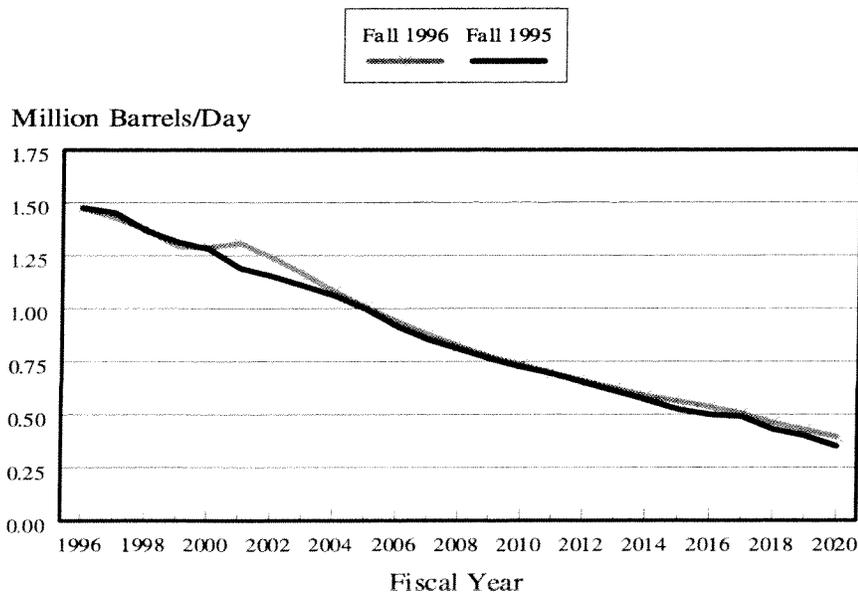


TABLE 11.

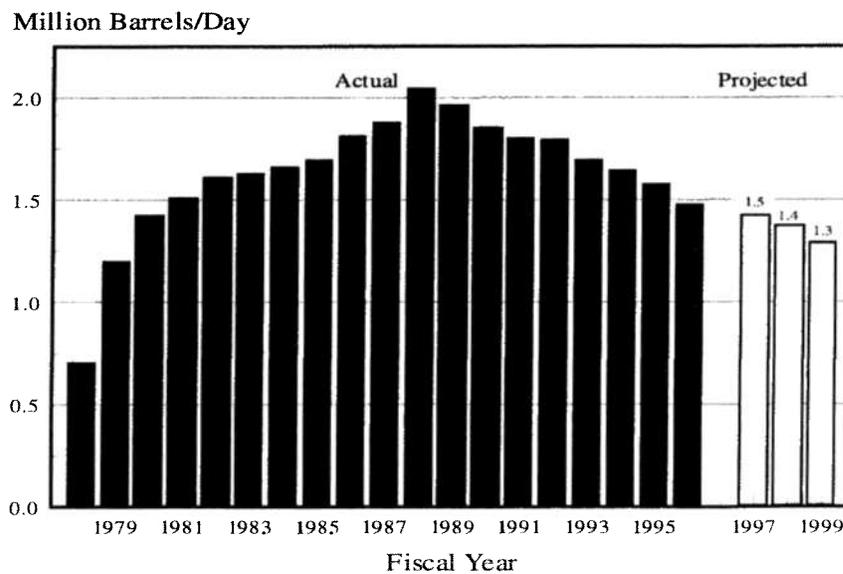
ALASKA OIL AND NGL PRODUCTION
(Millions of Barrels/Day)

	FY 1996*	FY 1997	FY 1998	FY 1999
<u>ALASKA NORTH SLOPE</u>				
Prudhoe Bay	0.890	0.825	0.751	0.705
Kuparuk	0.284	0.268	0.275	0.275
Milne Point	0.019	0.049	0.059	0.062
Schrader Bluff	0.003	0.003	0.005	0.006
Sag River	0.000	0.001	0.002	0.004
Endicott/Sag Delta	0.089	0.070	0.068	0.060
Lisburne	0.015	0.012	0.012	0.010
Point McIntyre	0.148	0.149	0.131	0.097
Niakuk	0.024	0.035	0.032	0.030
N Prudhoe State/West Beach	0.002	0.001	0.001	0.000
West Sak	0.000	0.000	0.000	0.003
Alpine	0.000	0.000	0.000	0.000
Northstar	0.000	0.000	0.000	0.000
Satellite	0.000	0.014	0.036	0.041
Known OnShore	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>
Total ANS	1.475	1.429	1.373	1.293
COOK INLET	0.040	0.038	0.033	0.028
ALASKA TOTAL	1.515	1.467	1.406	1.321

*PRELIMINARY ACTUAL

FIGURE 9.

ALASKA OIL AND NGL PRODUCTION
(Millions of Barrels/Day)



**OTHER PETROLEUM AND NON-PETROLEUM REVENUE
FORECAST ASSUMPTIONS**

Petroleum Corporation Income Tax

The projected increase of \$46.3 million from FY 1996 (\$173.7 million) to FY 1997 (\$220 million) is a result of high oil prices in the first quarter of FY 1997. As oil prices decrease, collections in FY 1998 and 1999 will decline due to lower corporation earnings. Over the long term, oil prices are expected to return to their historical trend levels, resulting in corporation tax revenue leveling off and slowly declining as Alaska oil production decreases.

General Corporation Income Tax

After a peak non-petroleum income tax collection of \$67 million in FY 1995, corporation income tax revenue returned to a more sustainable level of \$53.3 million in FY 1996. General corporation income tax revenues are affected by US corporation earnings outside of Alaska as a result of the water's edge taxation method. General corporation income tax collections will show a slight decline in FY 1997 (\$50.1 million) and level off in FY 1998 and 1999. The long-run projection is for non-petroleum corporation income revenue growth consistent with a slowly growing Alaska economy.

Petroleum Property Tax

Oil and gas property tax is levied at 20 mills on the full and true value of taxable property. The amount of this tax will continue to decline as new investments in oil facilities fail to keep pace with the depreciation of existing facilities. The table below shows the distribution of the petroleum property tax between local communities and the State for FY 1996.

TABLE 12. **FY 1996 PETROLEUM PROPERTY TAX**
(\$Million)

Borough	Gross Tax	Local Tax	State Tax
North Slope	238.4	220.5	17.9
Unorganized	31.8	N/A	31.8
Valdez	14.1	12.7	1.4
Kenai	10.1	6.5	3.7
Fairbanks	6.1	4.8	1.6
Anchorage	1.0	1.0	0.1
Mat-Su	0.1	0.1	0.0
Cordova*	0.1	0.0	0.0
Whittier*	0.0	0.0	0.1
TOTAL	301.8	245.6	56.2

*Zero due to rounding to one decimal.

Total FY 1996 cashflow collections may not match final accounting in AKSAS.

Excise Tax

Alcohol and Tobacco

For the last ten years, alcohol tax collections have remained consistently at or near \$12 million. Because there is nothing to indicate that this trend will change, we project revenue from alcohol taxes to remain constant in the short and long term.

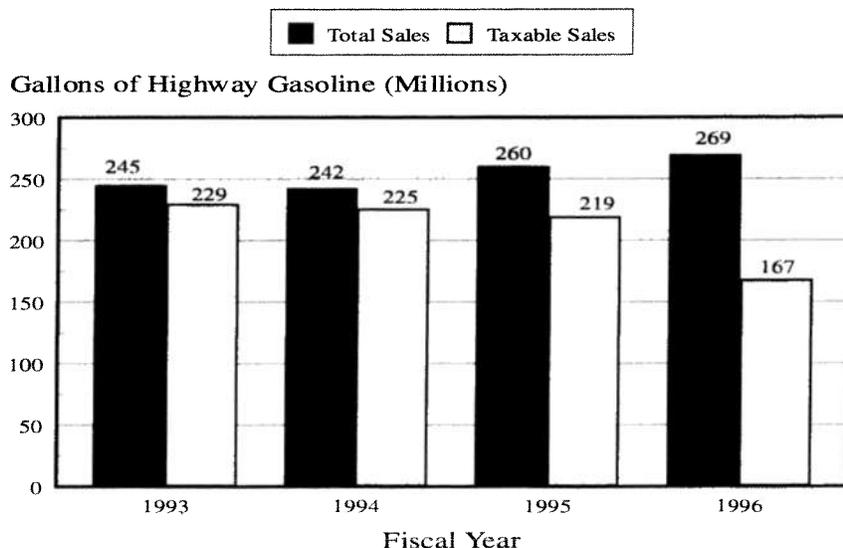
Although tax collections from tobacco products have similarly remained steady (around \$14.2 million for the last six fiscal years), there is a trend toward increased collections from smokeless-tobacco products. Consequently, the long-term trend for tobacco products is for a slow growth in collections.

Motor Fuel

Motor fuel revenue trends differ from other excise tax revenue trends because of recent changes in the industry. Although collections from aviation and jet fuel taxes have been increasing, they are projected to level off at \$8.2 million because of a trend toward increased use of Foreign Trade Zones to bring tax-free fuel to Alaska. Overall, motor fuel tax collections have been decreasing since FY 1995 because of a tax exemption for gasohol. In FY 1995 and 1996, the tax revenue loss due to gasohol was \$2.8 and \$6.7 million, respectively. We project a loss of \$8 million in FY 1997.

The figure below shows how highway gasoline gallons have increased but taxable gallons have decreased since FY 1994. The long-term trend is for highway fuel tax collections to level off at \$20.5 million and then grow slowly at 3 to 4 percent annually. Marine fuel taxes are projected to level off at \$8.6 million.

FIGURE 10. **TOTAL GALLONS OF GASOLINE SOLD vs. TAXABLE GALLONS**



Fisheries Business Tax

The downward trend in fisheries business tax revenue (\$39.0 million in FY 1995 to \$38.2 million in FY 1996) is forecasted to continue through FY 1999 (see Table 13 below). The projected FY 1997 decrease is a result of low salmon prices and harvest quantities. This decrease in revenue will be moderated by higher shellfish volumes (shellfish quantities and prices, however, are very tentative since the season is only half over) and herring prices. The long-term outlook for salmon prices and quantities is down from FY 1996, due to increased growth in salmon farms and hatcheries outside Alaska and increased international development and use of wild runs.

TABLE 13. **FISHERIES BUSINESS TAX**
FY 1996 PRELIMINARY ACTUAL AND FY 1997-1999 PROJECTED
(Millions of Dollars)

	<u>FY 1996 (CY 1995)</u>		<u>FY 1997 (CY 1996)</u>		<u>FY 1998-1999</u>
	Value of Catch	Tax Revenue	Value of Catch	Tax Revenue	Forecast Activity
Halibut	57	1.7	57	1.7	Catch Same Unit Value Same
Salmon	477	18.0	360	14.8	Catch Same Unit Value Same
Herring	48	2.0	61.5	2.7	Catch Same Unit Value Down
Shellfish	241	8.8	256	10.4	Catch Same Unit Value Down
Groundfish	<u>256</u>	<u>7.7</u>	<u>256</u>	<u>7.7</u>	Catch Same Unit Value Same
TOTAL	1079	38.2	990.5	37.3	

FALL 1996 FORECAST

SHORT-TERM REFERENCE CASE, FY 1996-1999

Oil Market Assumptions

The following key assumptions are the foundation for the oil price forecast. We assume that over the period FY 1997-1999 the global economy will continue to grow at a moderate pace with a slowdown in the OECD countries beginning in late FY 1997. As a result, global oil consumption will continue to grow. Non-OPEC production will grow and absorb most of the increase in projected consumption growth. Production from Iraq may reenter the market late in FY 1997, and will almost certainly occur sometime in FY 1998 barring some additional aggressive military action by the Iraqi leadership.

1. OECD oil consumption grows by 0.1 million bbl/day in FY 1997, 1998, and 1999 as the result of slowing economic growth.
2. Non-OECD oil consumption grows by 0.8 million bbl/day in FY 1997, and 1.0 million bbl/day in both FY 1998 and 1999.
3. Non-OPEC production grows by 0.6 million bbl/day in FY 1997, 0.8 million bbl/day in 1998, and 0.9 million bbl/day in 1999.
4. As a result, the call on OPEC oil and natural gas liquids increases by 0.2 million bbl/day in FY 1997, is flat in FY 1998 (assuming no change in inventories), and increases by 0.2 million bbl/day in FY 1999.
5. The very slow growth in the demand for crude oil from OPEC and the increasing likelihood of the return of Iraqi exports is projected to result in a downward movement in ANS oil prices from today's \$20.64/bbl to \$17.95/bbl by the spring of 1997.

TABLE 14. **SHORT-TERM REFERENCE CASE**
KEY ANS OIL REVENUE, PRICE, AND PRODUCTION PROJECTIONS

FY	General Fund Unrestricted Revenue (Billions of Dollars)	ANS Market Price (\$/Barrel)	ANS Production (Million Barrels/Day)
1996*	\$2.135	\$17.76	1.475
1997	\$2.410	\$20.33	1.429
1998	\$2.015	\$17.71	1.373
1999	\$1.910	\$17.59	1.293

* PRELIMINARY ACTUAL

TABLE 15.

REFERENCE CASE GLOBAL MARKET ASSUMPTIONS*

(Millions of Barrels/Day)

	ACTUAL					PROJECTED							
	1995	Q196	Q296	Q396	Q496	1996	Q197	Q297	Q397	Q497	1997	1998	1999
DEMAND													
OECD													
North America	19.8	20.4	20.0	20.4	20.4	20.3	20.3	20.0	20.4	20.6	20.3	20.4	20.5
Europe	13.8	14.3	13.6	13.9	14.5	14.1	14.2	13.6	13.9	14.5	14.1	14.1	14.1
Pacific	6.7	7.4	6.2	6.4	7.0	6.8	7.4	6.3	6.4	7.1	6.8	6.8	6.8
Total	40.3	42.1	39.8	40.7	41.9	41.1	41.9	39.9	40.8	42.2	41.2	41.3	41.4
Non-OECD													
CIS	4.8	4.7	4.2	4.3	4.9	4.5	4.8	4.3	4.1	3.9	4.3	4.2	4.1
China	3.3	3.4	3.5	3.6	3.6	3.5	3.6	3.6	3.7	3.7	3.7	3.9	4.0
East Europe	1.4	1.5	1.4	1.3	1.4	1.4	1.5	1.4	1.4	1.4	1.4	1.4	1.4
Western Hemisphere	6.1	6.2	6.3	6.4	6.4	6.3	6.3	6.5	6.6	6.6	6.5	6.7	6.9
Africa	2.2	2.2	2.2	2.2	2.2	2.2	2.3	2.2	2.2	2.3	2.2	2.3	2.3
Middle East	4.1	4.1	4.0	4.2	4.2	4.1	4.3	4.3	4.4	4.4	4.3	4.5	4.8
Asia	8.0	8.7	8.4	8.1	9.0	8.6	9.0	8.8	8.6	9.5	9.0	9.4	9.9
Total	29.8	30.8	30.0	30.1	31.7	30.6	31.8	31.1	31.0	31.8	31.4	32.4	33.4
TOTAL DEMAND	70.1	72.9	69.8	70.8	73.6	71.8	73.6	71.0	71.7	74.0	72.6	73.7	74.8
SUPPLY													
Non-OPEC													
OECD	18.0	18.3	18.2	18.4	19.5	18.6	19.1	18.6	18.7	19.4	19.0	19.3	19.7
CIS	7.2	7.1	7.1	7.1	7.2	7.1	7.1	7.0	6.9	6.7	6.9	6.9	6.9
China	3.0	3.1	3.1	3.2	3.2	3.2	3.2	3.2	3.2	3.3	3.2	3.3	3.3
Eastern Europe	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
LDCs	12.6	13.0	13.1	13.1	13.4	13.2	13.4	13.4	13.5	13.7	13.5	13.9	14.3
Proc. Gain	1.4	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Total	42.5	43.3	43.3	43.6	45.1	43.8	44.7	44.0	44.1	44.9	44.4	45.2	46.1
OPEC	25.1	25.7	25.6	25.2	26.7	25.7	25.6	24.7	25.5	27.1	25.7	25.6	25.9
OPEC NGLs	2.4	2.5	2.6	2.7	2.8	2.6	2.7	2.8	2.8	2.9	2.8	2.8	2.8
TOTAL SUPPLY	69.9	71.5	71.5	71.4	74.5	72.2	73.0	71.5	72.4	74.9	72.9	73.7	74.8
Inventory Change	(0.2)	(0.7)	0.5	0.6	0.9	0.3	(0.7)	0.5	0.6	0.9	0.3	0.0	0.0

FALL 1996 FORECAST

LONG-TERM REFERENCE CASE, FY 2000-2020

Oil Market Assumptions

The Fall 1996 reference case envisions continued growth in global consumption of crude oil, averaging from 1.5 to 2 percent per year through FY 2020. Most of the growth will come from the non-OECD rapidly growing economies. China and the rest of Asia will dominate economic growth over the time period. Non-OPEC supplies will continue to grow modestly, OPEC production will roughly double from current levels by FY 2020.

1. OECD oil consumption will grow by 0.7 percent annually over the long term.
2. Non-OECD oil consumption will grow at 3 to 3.5 percent per year between FY 2000 and 2020.
3. Non-OPEC production will continue to increase at a rate of 1 to 1.5 percent per year.
4. As a result, the demand for OPEC crude oil will increase by roughly 22.5 million bbl/day over FY 1996 by FY 2020.
5. Current estimates of the global reserve base suggest that these fundamental assumptions about consumption can readily be accommodated and that OPEC will continue to struggle to prorate the market to preserve high oil rents. As a result oil prices are expected to drift up at rates only marginally above the rate of inflation.

**TABLE 16. LONG-TERM REFERENCE CASE
KEY ANS OIL REVENUE, PRICE, AND PRODUCTION PROJECTIONS**

FY	General Fund Unrestricted Revenue (Billions of Dollars)	ANS Market Price (\$/Barrel)	ANS Production (Million Barrels/Day)
2000	\$1.871	\$18.21	1.288
2001	\$1.898	\$18.84	1.308
2002	\$1.842	\$19.52	1.240
2003	\$1.797	\$20.21	1.164
2004	\$1.736	\$20.93	1.080
2005	\$1.672	\$21.67	1.007
2010	\$1.529	\$26.09	0.734
2015	\$1.504	\$31.55	0.563
2020	\$1.423	\$38.15	0.396

FIGURE 11. GENERAL FUND UNRESTRICTED REVENUE, Nominal Dollars
FY 1982-1995 ACTUAL, FY 1996 PRELIMINARY ACTUAL, FY 1997-2020 PROJECTED

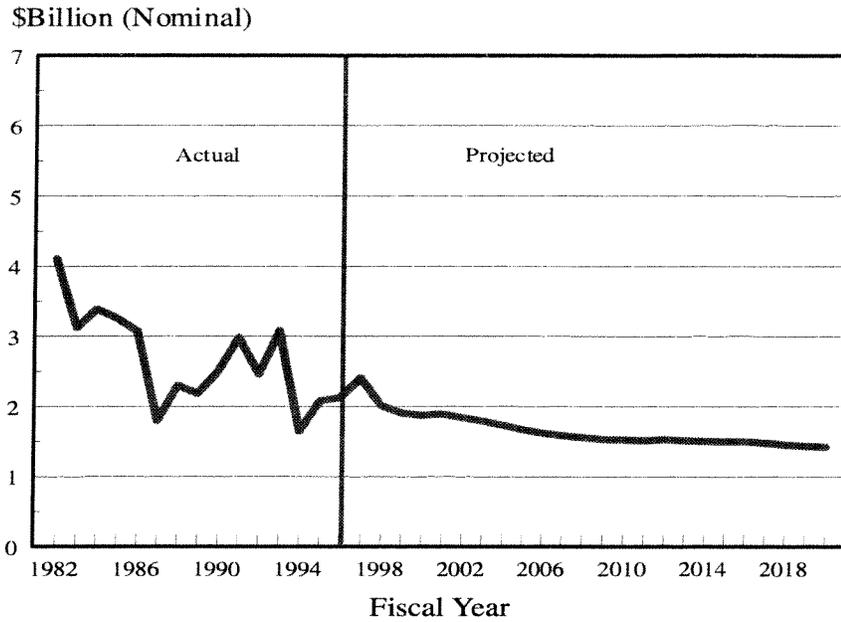


FIGURE 12. GENERAL FUND UNRESTRICTED REVENUE, Real 1996 Dollars
FY 1982-1995 ACTUAL, FY 1996 PRELIMINARY ACTUAL, FY 1997-2020 PROJECTED

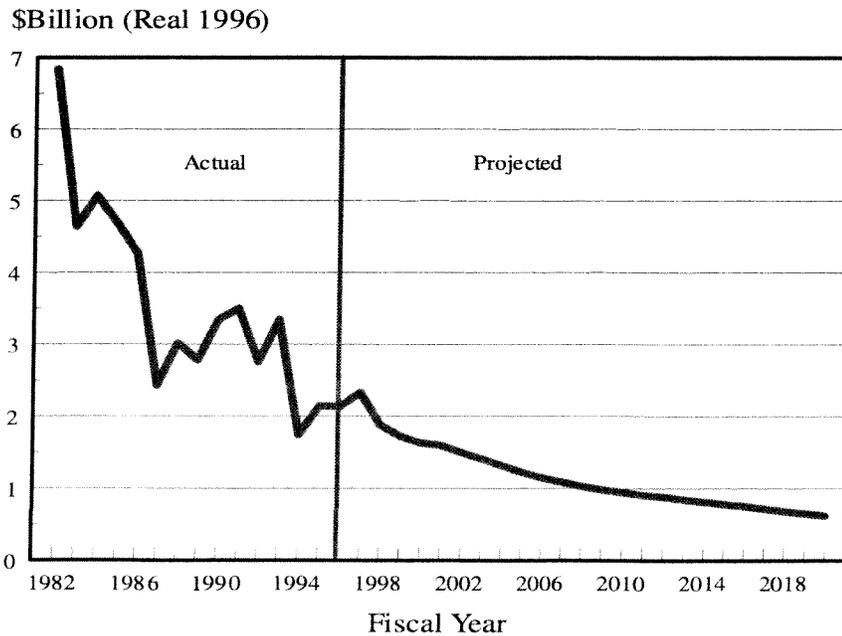
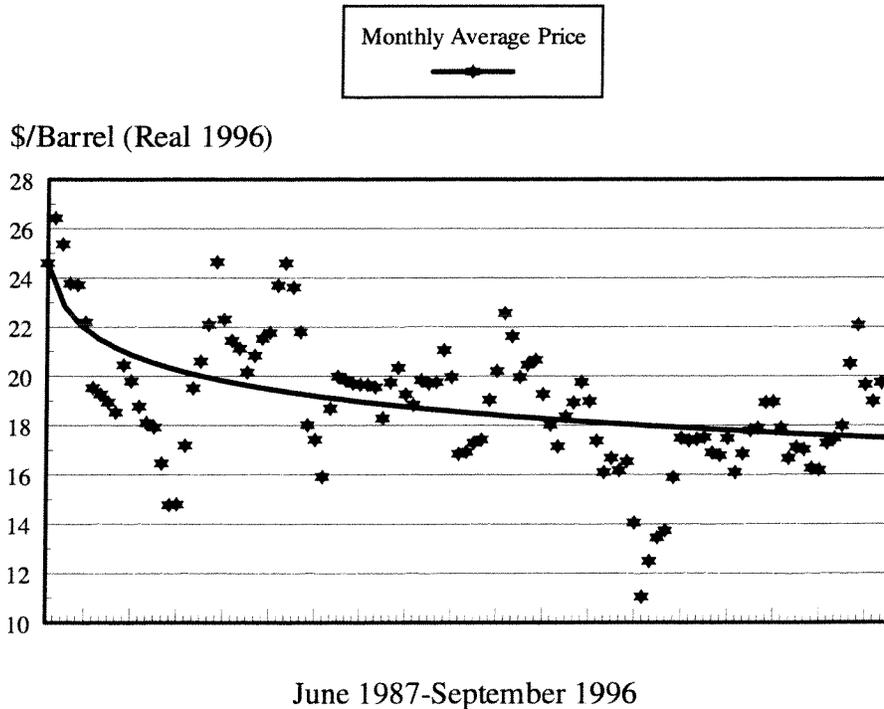


Figure 13 shows that real (inflation adjusted) oil prices continue to trend downward. In other words, since FY 1986, oil prices have not kept up with the rate of general price inflation. For this reason other organizations, such as the International Energy Association and the US Department of Energy, who make long-term oil prices forecasts, often include a zero real price growth scenario.

Our reference case assumes that OPEC's market power will, over time, cause the real price of oil to drift upward very slightly (less than 0.5 percent per year).

FIGURE 13.

ANS MARKET PRICE TREND ANALYSIS



Reference Case Forecast Assumptions

The following are the key assumptions used by the Department of Revenue for the Fall 1996 revenue forecast. Inflation rates were developed by the Department of Revenue, Department of Labor, and Office of Management and Budget. Production assumptions were developed by the Department of Revenue from information provided by the producing companies, the Alaska Department of Natural Resources, and the Alaska Oil and Gas Conservation Commission. TAPS tariffs are the result of the application of the Taps-Settlement Methodology (TSM) and are based on the most recent TAPS filings. Oil price assumptions were developed by the Department of Revenue with the assistance of state economists and investment professionals from the Department of Natural Resources, Department of Labor, Office of Management and Budget, and the University of Alaska.

**TABLE 17. FALL 1996 REFERENCE CASE
FORECAST ASSUMPTIONS**

FY	Inflation Rate (Percent)	ANS Production (Million Bbl/Day)	TAPS Tariff (\$/Barrel)	ANS Market Price (\$/Barrel)
1996	3.5	1.475	3.60	17.76
1997	3.5	1.429	2.81	20.33
1998	3.5	1.373	2.60	17.71
1999	3.5	1.293	2.60	17.59
2000	3.5	1.288	2.69	18.21
2001	3.5	1.308	2.73	18.84
2002	3.5	1.240	2.91	19.52
2003	3.5	1.164	3.08	20.21
2004	3.5	1.080	3.30	20.93
2005	3.5	1.007	3.53	21.67
2006	3.5	0.938	3.77	22.49
2007	3.5	0.878	3.99	23.34
2008	3.5	0.823	4.22	24.22
2009	3.5	0.772	4.40	25.14
2010	3.5	0.734	4.56	26.09
2011	3.5	0.694	4.87	27.10
2012	3.5	0.658	4.46	28.15
2013	3.5	0.623	4.77	29.24
2014	3.5	0.590	5.09	30.37
2015	3.5	0.563	5.42	31.55
2016	3.5	0.538	5.76	32.77
2017	3.5	0.505	6.18	34.04
2018	3.5	0.462	6.74	35.35
2019	3.5	0.428	7.31	36.72
2020	3.5	0.396	7.93	38.15

TABLE 18. **PETROLEUM SEVERANCE TAX AND ROYALTY REVENUE FORECAST**
(Millions of Dollars)

	ALASKA NORTH SLOPE						COOK INLET						ALASKA TOTAL		
	Oil Royalty	Oil Severance	Conserv Tax	Hazardous Release	Gas Royalty	Gas Severance	Oil Royalty	Oil Severance	Conserv Tax	Hazardous Release	Gas Royalty	Gas Severance		COOK INLET TOTAL	
1996*	561.1	713.6	1.8	13.0	35.4	25.9	1350.8	18.8	0.0	0.1	0.4	19.6	15.4	54.2	1405.0
1997	683.1	846.5	1.7	12.9	37.5	29.1	1610.8	19.4	0.0	0.1	0.4	19.9	16.2	56.0	1666.8
1998	567.0	670.1	1.7	12.5	29.1	21.3	1301.7	16.1	0.0	0.1	0.4	21.3	17.4	55.3	1357.0
1999	529.5	615.7	1.6	11.8	27.1	19.6	1205.2	15.4	0.0	0.1	0.4	21.7	18.0	55.5	1260.7
2000	547.1	597.9	1.6	11.8	26.1	18.9	1203.4	14.8	0.0	0.1	0.3	22.7	18.7	56.5	1259.9
2001	569.2	594.7	1.6	12.0	25.0	18.3	1220.9	14.2	0.0	0.1	0.3	23.9	19.3	57.8	1278.7
2002	555.8	549.9	1.5	11.4	24.4	17.8	1160.8	13.6	0.0	0.0	0.3	25.2	20.0	59.1	1219.9
2003	553.9	505.7	1.4	10.7	23.9	17.3	1112.9	13.1	0.0	0.0	0.3	26.4	20.6	60.5	1173.4
2004	529.8	465.6	1.3	9.9	23.4	16.9	1047.0	12.7	0.0	0.0	0.2	27.7	21.3	62.0	1108.9
2005	501.6	427.1	1.2	9.2	22.7	16.5	978.3	12.2	0.0	0.0	0.2	29.0	22.0	63.5	1041.8
2006	482.5	395.3	1.1	8.6	22.3	16.1	925.9	11.8	0.0	0.0	0.2	30.2	22.7	65.0	990.9
2007	467.6	369.8	1.1	8.0	22.1	15.9	884.5	11.5	0.0	0.0	0.2	31.5	23.5	66.7	951.2
2008	454.4	349.4	1.0	7.6	21.9	15.8	850.0	11.1	0.0	0.0	0.2	32.8	24.2	68.3	918.3
2009	441.5	330.6	0.9	7.1	21.7	15.7	817.6	10.8	0.0	0.0	0.2	34.1	25.0	70.0	887.6
2010	436.6	325.2	0.9	6.7	21.7	15.8	806.8	10.5	0.0	0.0	0.1	35.4	25.8	71.8	878.7
2011	427.0	311.5	0.8	6.3	21.5	15.7	782.9	10.2	0.0	0.0	0.1	36.7	26.6	73.7	856.5
2012	435.5	311.2	0.8	6.0	22.1	16.3	791.9	9.9	0.0	0.0	0.1	38.1	27.4	75.6	867.5
2013	425.2	299.2	0.8	5.7	21.9	16.1	768.9	9.7	0.0	0.0	0.1	39.5	28.3	77.5	846.4
2014	416.8	287.4	0.7	5.4	21.4	15.9	747.5	9.4	0.0	0.0	0.1	40.9	29.1	79.5	827.1
2015	411.5	280.7	0.7	5.1	21.7	16.1	735.8	9.2	0.0	0.0	0.1	42.3	30.0	81.6	817.4
2016	408.5	272.3	0.7	4.9	21.7	16.1	724.2	8.9	0.0	0.0	0.1	43.8	31.0	83.8	808.0
2017	394.0	262.5	0.6	4.6	21.5	15.9	699.2	8.7	0.0	0.0	0.1	45.2	31.9	86.0	785.2
2018	369.2	251.1	0.6	4.2	21.2	15.7	662.0	8.5	0.0	0.0	0.1	46.8	32.9	88.2	750.2
2019	351.0	241.4	0.5	3.9	21.0	15.6	633.4	8.3	0.0	0.0	0.1	48.3	33.9	90.6	724.0
2020	334.6	231.7	0.5	3.6	20.8	15.4	606.6	8.1	0.0	0.0	0.1	49.9	34.9	93.0	699.7

*FY 1996 numbers are based on cashflow collections and may not match final accounting in AKSAS.

DETAILED REVENUE PROJECTIONS
(Millions of Dollars)

Production Tax	Property Tax	Petroleum CorpTax	Gross Royalties	TOTAL PETRO	Mineral Rents/Bonus	TOTAL NonPetro	TOTAL before PF & PSF Dedication	PermFund Dedication	Public School Dedication	UNRESTRICTED GENERAL FUND		
										Nominal	Real 96\$	
1996	787.2	55.9	173.7	884.2	1901.0	17.3	457.1	2375.4	236.6	4.4	2134.5	2134.5
1997	906.8	50.9	220.0	1062.2	2239.9	17.5	443.7	2701.1	285.9	5.2	2409.9	2328.4
1998	723.4	48.4	165.0	873.8	1810.6	18.8	430.0	2259.4	240.5	4.4	2014.5	1880.5
1999	667.0	45.8	160.0	817.6	1690.4	20.1	428.4	2138.9	224.8	4.1	1910.0	1722.7
2000	649.2	43.2	117.6	846.4	1656.4	21.2	434.8	2112.4	236.8	4.2	1871.3	1630.8
2001	646.3	41.1	120.2	884.0	1691.6	22.1	441.0	2154.6	252.7	4.4	1897.5	1597.7
2002	600.9	39.1	118.0	864.6	1622.6	23.0	447.5	2093.1	247.0	4.3	1841.8	1498.3
2003	556.1	37.1	115.4	863.5	1572.0	24.0	453.5	2049.4	247.8	4.3	1797.3	1412.6
2004	515.4	35.1	112.7	829.1	1492.2	25.0	460.3	1977.4	237.6	4.1	1735.7	1318.1
2005	476.3	33.2	110.3	788.8	1408.5	26.0	467.4	1901.9	225.9	3.9	1672.1	1226.9
2006	444.1	31.2	107.3	761.7	1344.3	27.1	474.4	1845.8	217.8	3.8	1624.2	1151.4
2007	418.5	29.4	104.8	740.8	1293.4	28.3	480.9	1802.6	211.5	3.7	1587.4	1087.3
2008	398.2	27.6	102.5	722.3	1250.6	29.5	488.3	1768.4	205.9	3.6	1558.9	1031.6
2009	379.5	25.9	100.4	704.4	1210.2	30.7	496.0	1736.9	200.4	3.5	1533.0	980.2
2010	374.5	24.3	99.3	697.6	1195.7	32.0	503.0	1730.7	198.0	3.5	1529.2	944.7
2011	361.1	22.7	98.3	684.4	1166.5	33.3	510.7	1710.5	193.9	3.4	1513.2	903.2
2012	361.9	21.2	97.4	697.6	1178.0	34.7	518.6	1731.4	197.1	3.5	1530.8	882.8
2013	350.2	19.8	96.6	683.5	1150.1	36.2	526.6	1712.8	192.9	3.4	1516.5	845.0
2014	338.7	18.4	95.8	671.9	1124.8	37.7	534.9	1697.4	189.5	3.4	1504.5	810.0
2015	332.8	17.1	96.1	665.8	1111.8	39.3	543.4	1694.5	187.6	3.3	1503.5	782.1
2016	325.1	15.8	95.8	662.4	1099.1	40.9	552.3	1692.3	186.5	3.3	1502.5	755.1
2017	315.7	14.5	91.8	643.3	1065.4	42.7	561.4	1669.5	181.3	3.2	1484.9	721.0
2018	304.6	13.3	89.6	610.1	1017.6	44.5	570.6	1632.6	172.5	3.1	1457.0	683.6
2019	295.4	12.1	87.6	586.0	981.0	46.3	580.3	1607.7	166.1	2.9	1438.7	652.1
2020	286.3	10.9	85.6	564.5	947.2	48.3	590.3	1585.8	160.3	2.8	1422.6	623.0

TABLE 20.

PROJECTED AND HISTORICAL CRUDE OIL PRICES
ANS Market, ANS Wellhead, and West Texas Intermediate (WTI)
(Nominal and Real 1996 \$/Barrel)

	ANS Market*		ANS Wellhead		WTI	
	Nominal	Real 1996	Nominal	Real 1996	Nominal	Real 1996
1985	27.89	40.05	17.37	24.94	28.15	40.42
1986	22.03	30.53	12.41	17.20	23.11	32.03
1987	14.98	20.22	7.84	10.58	16.14	21.78
1988	16.45	21.54	10.68	13.99	18.53	24.27
1989	14.80	18.85	9.55	12.16	16.93	21.56
1990	17.34	21.18	11.89	14.52	20.06	24.50
1991	21.72	25.47	15.38	18.03	24.95	29.25
1992	16.88	18.90	11.20	12.55	20.69	23.17
1993	17.93	19.48	12.80	13.91	20.69	22.48
1994	14.22	15.00	9.57	10.09	16.69	17.60
1995	16.83	17.32	11.51	11.85	18.46	19.00
1996	17.76	17.76	12.67	12.67	19.20	19.20
1997	20.33	19.64	15.92	15.39	22.27	21.52
1998	17.71	16.53	13.54	12.64	19.22	17.94
1999	17.59	15.86	13.43	12.11	19.09	17.21
2000	18.21	15.87	13.88	12.10	19.76	17.22
2001	18.84	15.87	14.35	12.08	20.45	17.21
2002	19.52	15.88	14.81	12.05	21.18	17.23
2003	20.21	15.88	15.30	12.02	21.93	17.24
2004	20.93	15.89	15.76	11.97	22.71	17.25
2005	21.67	15.90	16.09	11.80	23.51	17.25
2006	22.49	15.94	16.62	11.78	24.40	17.30
2007	23.34	15.99	17.22	11.80	25.32	17.35
2008	24.22	16.03	17.83	11.80	26.28	17.39
2009	25.14	16.07	18.53	11.85	27.28	17.44
2010	26.09	16.12	19.27	11.90	28.31	17.49
2011	27.10	16.18	19.92	11.89	29.40	17.55
2012	28.15	16.23	21.34	12.31	30.54	17.61
2013	29.24	16.29	22.08	12.30	31.73	17.68
2014	30.37	16.35	22.83	12.29	32.95	17.74
2015	31.55	16.41	23.61	12.28	34.23	17.81
2016	32.77	16.47	24.45	12.29	35.56	17.87
2017	34.04	16.53	25.25	12.26	36.93	17.93
2018	35.35	16.58	25.95	12.17	38.35	17.99
2019	36.72	16.64	26.70	12.10	39.84	18.06
2020	38.15	16.71	27.46	12.02	41.39	18.13

*Prior to FY 1995, ANS Market price was referred to as ANS Lower 48.

ALASKA OIL AND NGL PRODUCTION
(Million Barrels/Day)

TABLE 21.

Year	Prudhoe Bay	Milne Kuparuk Point	Schrader Bluff	Sag River	Sag Delta Endicott	Lisburne	Point McIntyre	Niakuk	West Sak	Alpine	Northstar	Satellite	Known OnShore	ANS Total	Cook Inlet	STATE TOTAL
1997	0.825	0.268	0.049	0.003	0.001	0.070	0.012	0.149	0.035	0.000	0.000	0.014	0.000	1.429	0.038	1.467
1998	0.751	0.275	0.059	0.005	0.002	0.068	0.012	0.131	0.033	0.000	0.000	0.036	0.000	1.373	0.033	1.406
1999	0.705	0.275	0.062	0.006	0.004	0.060	0.010	0.097	0.030	0.000	0.000	0.041	0.000	1.293	0.028	1.321
2000	0.664	0.275	0.062	0.007	0.006	0.056	0.009	0.077	0.027	0.005	0.025	0.050	0.000	1.288	0.024	1.313
2001	0.625	0.266	0.059	0.011	0.006	0.051	0.007	0.063	0.024	0.008	0.065	0.057	0.015	1.308	0.021	1.329
2002	0.591	0.243	0.051	0.015	0.005	0.047	0.007	0.051	0.020	0.010	0.070	0.045	0.025	1.240	0.019	1.259
2003	0.559	0.221	0.044	0.017	0.004	0.042	0.007	0.044	0.017	0.013	0.070	0.040	0.025	1.164	0.016	1.180
2004	0.529	0.201	0.038	0.016	0.004	0.038	0.007	0.040	0.014	0.015	0.065	0.035	0.023	1.080	0.014	1.094
2005	0.502	0.183	0.032	0.015	0.003	0.035	0.007	0.037	0.012	0.018	0.060	0.032	0.020	1.007	0.012	1.019
2006	0.476	0.166	0.028	0.014	0.003	0.031	0.006	0.033	0.010	0.023	0.055	0.029	0.018	0.938	0.011	0.949
2007	0.452	0.151	0.024	0.013	0.002	0.029	0.006	0.031	0.009	0.028	0.050	0.026	0.016	0.878	0.010	0.888
2008	0.430	0.138	0.020	0.013	0.002	0.026	0.006	0.028	0.007	0.033	0.046	0.023	0.015	0.823	0.009	0.832
2009	0.409	0.125	0.018	0.012	0.002	0.024	0.006	0.025	0.006	0.038	0.042	0.020	0.013	0.772	0.008	0.780
2010	0.391	0.120	0.015	0.011	0.002	0.022	0.005	0.023	0.005	0.043	0.038	0.018	0.012	0.734	0.007	0.741
2011	0.372	0.110	0.013	0.011	0.002	0.020	0.005	0.020	0.004	0.048	0.034	0.016	0.010	0.694	0.006	0.700
2012	0.355	0.100	0.011	0.011	0.001	0.018	0.005	0.019	0.004	0.053	0.031	0.014	0.009	0.658	0.006	0.664
2013	0.339	0.091	0.009	0.010	0.001	0.017	0.005	0.017	0.003	0.058	0.028	0.012	0.008	0.623	0.005	0.628
2014	0.323	0.081	0.008	0.010	0.001	0.015	0.004	0.016	0.003	0.063	0.026	0.011	0.008	0.590	0.005	0.595
2015	0.309	0.076	0.007	0.014	0.001	0.014	0.004	0.014	0.002	0.068	0.023	0.010	0.007	0.563	0.004	0.567
2016	0.295	0.070	0.006	0.014	0.001	0.013	0.004	0.013	0.002	0.073	0.021	0.009	0.006	0.538	0.003	0.541
2017	0.282	0.063	0.004	0.008	0.000	0.012	0.004	0.012	0.001	0.075	0.019	0.008	0.006	0.505	0.003	0.508
2018	0.269	0.058	0.003	0.007	0.000	0.011	0.004	0.011	0.001	0.064	0.017	0.007	0.000	0.462	0.002	0.465
2019	0.257	0.053	0.002	0.007	0.000	0.010	0.003	0.010	0.001	0.054	0.015	0.006	0.000	0.428	0.002	0.430
2020	0.245	0.048	0.002	0.006	0.000	0.009	0.003	0.009	0.001	0.046	0.013	0.005	0.000	0.396	0.002	0.398

METHODOLOGY

FALL 1996 FORECAST

The Department of Revenue uses a variety of models and techniques to prepare the revenue forecast. The main petroleum forecasting model is a marketing and production model which projects severance taxes and royalties on a field-by-field basis.

The key input assumptions for the oil revenue model are oil prices, inflation, transportation costs, production rates, and the number of producing wells. The oil price and inflation rates are developed by a pricing panel composed of state economists and investment professionals from the Departments of Revenue, Labor, Natural Resources, the Governor's Office of Management and Budget, and the University of Alaska. A member of the Legislative Finance Division also attends the price assumption development session to observe.

The petroleum production and oil and gas producing well assumptions are developed through consultation with Alaska oil producing companies, the Department of Natural Resources, and the Alaska Oil and Gas Conservation Commission.

The non-petroleum revenues are projected based on trend extrapolation, econometric analysis, and expert assessment by state resource and financial managers.

In this forecast, we discuss only one of the many possible future price and production outcomes affecting Alaska oil revenues: the reference case. To assist in examining a greater number of possible future oil revenue outcomes, we have developed a revenue matrix to provide estimates for State General Fund Unrestricted Revenue for various alternative ANS price and production levels in FY 1997-1999. You can find these on the pages that follow.

TABLE 22.

FY 1997
GENERAL FUND UNRESTRICTED REVENUE
SENSITIVITY MATRIX FOR ANNUAL PRICE AND PRODUCTION
(Millions of Dollars)

	ANS Production (Million bbls/day)								
	1.15	1.20	1.25	1.30	1.35	1.40	1.45	1.50	1.55
\$10	1,390	1,400	1,420	1,430	1,440	1,460	1,470	1,490	1,500
\$11	1,430	1,440	1,460	1,480	1,490	1,510	1,530	1,540	1,560
\$12	1,470	1,480	1,500	1,520	1,540	1,560	1,580	1,600	1,610
\$13	1,530	1,550	1,580	1,600	1,620	1,640	1,670	1,690	1,710
\$14	1,610	1,630	1,660	1,690	1,720	1,740	1,770	1,800	1,830
\$15	1,680	1,710	1,750	1,780	1,810	1,840	1,880	1,910	1,940
\$16	1,760	1,790	1,830	1,870	1,910	1,940	1,980	2,020	2,060
\$17	1,830	1,870	1,920	1,960	2,000	2,040	2,090	2,130	2,170
\$18	1,910	1,960	2,000	2,050	2,100	2,140	2,190	2,240	2,280
\$19	1,980	2,040	2,090	2,140	2,190	2,240	2,290	2,350	2,400
\$20	2,060	2,120	2,170	2,230	2,290	2,340	2,400	2,460	2,510
\$21	2,140	2,200	2,260	2,320	2,380	2,440	2,500	2,560	2,630
\$22	2,210	2,280	2,340	2,410	2,480	2,540	2,610	2,670	2,740
\$23	2,290	2,360	2,430	2,500	2,570	2,640	2,710	2,780	2,850
\$24	2,360	2,440	2,510	2,590	2,670	2,740	2,820	2,890	2,970
\$25	2,440	2,520	2,600	2,680	2,760	2,840	2,920	3,000	3,080
\$26	2,510	2,600	2,680	2,770	2,860	2,940	3,030	3,110	3,200
\$27	2,590	2,680	2,770	2,860	2,950	3,040	3,130	3,220	3,310
\$28	2,660	2,760	2,860	2,950	3,050	3,140	3,240	3,330	3,430
\$29	2,740	2,840	2,940	3,040	3,140	3,240	3,340	3,440	3,540

TABLE 23.

FY 1998
GENERAL FUND UNRESTRICTED REVENUE
SENSITIVITY MATRIX FOR ANNUAL PRICE AND PRODUCTION
(Millions of Dollars)

	ANS Production (Million bbls/day)								
	1.15	1.20	1.25	1.30	1.35	1.40	1.45	1.50	1.55
\$10	1,170	1,190	1,210	1,230	1,250	1,270	1,300	1,320	1,340
\$11	1,250	1,280	1,300	1,330	1,350	1,370	1,400	1,420	1,450
\$12	1,340	1,360	1,390	1,420	1,450	1,470	1,500	1,530	1,560
\$13	1,420	1,450	1,480	1,510	1,540	1,570	1,600	1,630	1,670
\$14	1,500	1,530	1,570	1,600	1,640	1,670	1,710	1,740	1,780
\$15	1,580	1,620	1,660	1,700	1,730	1,770	1,810	1,850	1,890
\$16	1,660	1,700	1,750	1,790	1,830	1,870	1,910	1,950	2,000
\$17	1,740	1,790	1,830	1,880	1,930	1,970	2,020	2,060	2,110
\$18	1,830	1,870	1,920	1,970	2,020	2,070	2,120	2,170	2,220
\$19	1,910	1,960	2,010	2,060	2,120	2,170	2,220	2,270	2,330
\$20	1,990	2,040	2,100	2,160	2,210	2,270	2,320	2,380	2,440
\$21	2,070	2,130	2,190	2,250	2,310	2,370	2,430	2,490	2,550
\$22	2,150	2,210	2,280	2,340	2,400	2,470	2,530	2,590	2,660
\$23	2,230	2,300	2,370	2,430	2,500	2,570	2,630	2,700	2,770
\$24	2,310	2,380	2,460	2,530	2,600	2,670	2,740	2,810	2,880
\$25	2,400	2,470	2,540	2,620	2,690	2,770	2,840	2,910	2,990
\$26	2,480	2,550	2,630	2,710	2,790	2,870	2,940	3,020	3,100
\$27	2,560	2,640	2,720	2,800	2,880	2,960	3,050	3,130	3,210
\$28	2,640	2,730	2,810	2,890	2,980	3,060	3,150	3,230	3,320
\$29	2,720	2,810	2,900	2,990	3,080	3,160	3,250	3,340	3,430

TABLE 24.

FY 1999
GENERAL FUND UNRESTRICTED REVENUE
SENSITIVITY MATRIX FOR ANNUAL PRICE AND PRODUCTION
(Millions of Dollars)

	ANS Production (Million bbls/day)								
	1.15	1.20	1.25	1.30	1.35	1.40	1.45	1.50	1.55
\$10	1,160	1,180	1,200	1,220	1,240	1,260	1,280	1,300	1,320
\$11	1,240	1,260	1,290	1,310	1,340	1,360	1,380	1,410	1,430
\$12	1,320	1,350	1,380	1,400	1,430	1,460	1,480	1,510	1,540
\$13	1,400	1,430	1,460	1,490	1,520	1,560	1,590	1,620	1,650
\$14	1,480	1,520	1,550	1,590	1,620	1,650	1,690	1,720	1,760
\$15	1,560	1,600	1,640	1,680	1,710	1,750	1,790	1,830	1,870
\$16	1,640	1,690	1,730	1,770	1,810	1,850	1,890	1,930	1,980
\$17	1,720	1,770	1,810	1,860	1,900	1,950	1,990	2,040	2,080
\$18	1,800	1,850	1,900	1,950	2,000	2,050	2,100	2,140	2,190
\$19	1,890	1,940	1,990	2,040	2,090	2,150	2,200	2,250	2,300
\$20	1,970	2,020	2,080	2,130	2,190	2,240	2,300	2,360	2,410
\$21	2,050	2,110	2,170	2,220	2,280	2,340	2,400	2,460	2,520
\$22	2,130	2,190	2,250	2,320	2,380	2,440	2,500	2,570	2,630
\$23	2,210	2,270	2,340	2,410	2,470	2,540	2,610	2,670	2,740
\$24	2,290	2,360	2,430	2,500	2,570	2,640	2,710	2,780	2,850
\$25	2,370	2,440	2,520	2,590	2,660	2,740	2,810	2,880	2,960
\$26	2,450	2,530	2,600	2,680	2,760	2,830	2,910	2,990	3,070
\$27	2,530	2,610	2,690	2,770	2,850	2,930	3,010	3,090	3,170
\$28	2,610	2,700	2,780	2,860	2,950	3,030	3,120	3,200	3,280
\$29	2,690	2,780	2,870	2,950	3,040	3,130	3,220	3,310	3,390

HISTORICAL OVERVIEW

REVENUE, PRICES, AND PRODUCTION

The pages that follow contain historical revenue, price, and production data. Table 25 on pages 38-39 shows General Fund Unrestricted Revenue by type from FY 1981-1995.

Table 26 on page 40 shows historical petroleum revenue by type from FY 1959-1995.

Finally, this section concludes with Tables 27 and 28 on page 41 with historical crude oil prices (FY 1981-1996) and production for the North Slope and Cook Inlet (FY 1978-1996).

HISTORICAL GENERAL FUND UNRESTRICTED REVENUE
(Millions of Dollars)

-Tax Portion-

TAXES	<u>FY 81</u>	<u>FY 82</u>	<u>FY 83</u>	<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>	<u>FY 90</u>	<u>FY 91</u>	<u>FY 92</u>	<u>FY 93</u>	<u>FY 94</u>	<u>FY 95</u>
Property Tax	143.0	142.7	152.6	131.0	128.4	113.5	102.5	96.2	89.7	89.8	85.0	69.0	66.9	61.5	57.3
Sales/Use															
Alcoholic Beverages	8.3	9.0	10.4	13.0	13.9	13.3	12.6	12.1	11.8	12.0	12.2	12.0	11.9	12.0	12.0
Tobacco Products	1.7	1.9	2.0	2.0	2.0	4.9	6.6	6.1	6.4	11.0	14.0	14.3	14.0	14.1	14.4
Insurance Premium	10.6	12.5	13.8	16.2	17.5	21.1	23.7	23.7	19.4	22.7	24.4	25.5	26.3	26.1	27.9
Motor Fuel Tax-Aviation	4.1	6.3	8.7	8.1	8.0	8.1	8.5	9.0	10.1	9.4	10.7	10.7	6.4	6.9	8.0
Motor Fuel Tax-Highway	15.6	20.3	23.7	20.2	23.7	22.7	18.3	19.3	20.0	22.9	19.1	23.2	25.6	25.5	24.0
Motor Fuel Tax-Marine	3.5	3.7	4.3	3.9	4.3	5.3	5.4	5.3	7.2	9.2	10.0	9.4	8.8	8.1	7.6
Total	43.8	53.7	62.9	63.4	69.4	75.4	75.1	75.5	74.9	87.2	90.4	95.1	93	92.7	93.9
Income Tax															
Corporation General	34.8	34.8	30.3	39.5	36.0	11.2	20.5	23.4	38.0	45.3	37.9	33.7	25.1	44.3	67.0
Corporation Petroleum	860.1	668.9	236.0	265.1	168.6	133.9	120.4	158.0	166.0	117.2	185.1	165.5	117.6	17.8	128.5
Total	894.9	703.7	266.3	304.6	204.6	145.1	140.9	181.4	204.0	162.5	223.0	199.2	142.7	62.1	195.5
Severance Tax															
Oil and Gas Production	1169.9	1581.1	1493.0	1392.4	1388.7	1107.4	647.3	816.4	696.4	972.3	1253.8	1022.2	989.4	662.8	769.8
Oil and Gas Conservation	0.3	0.6	0.7	0.7	0.7	0.5	1.2	2.3	2.4	2.4	2.3	2.3	2.1	2.3	2.0
Oil and Gas Hazardous Release	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	26.9	28.0	28.7	26.1	27.0	22.1
Total	1170.2	1581.7	1493.7	1393.1	1389.4	1107.9	648.5	818.7	698.8	1001.6	1284.1	1053.2	1017.6	692.1	793.9
Other Resource Tax															
Salmon and Seafood Marketing	0.0	0.0	0.9	1.1	1.0	1.1	1.4	2.7	3.3	3.3	3.3	2.8	3.6	5.8	7.9
Salmon Enhancement	0.0	2.4	2.6	2.2	2.6	4.3	4.4	5.8	9.5	6.5	6.2	4.2	6.8	5.0	5.7
Fisheries Business	20.7	22.8	20.5	19.0	18.7	21.1	26.5	22.5	26.7	25.1	31.1	30.1	42.2	33.9	39.0
Fishery Resource Landing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	7.3
Mine and Mining	2.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	23.4	25.2	24.0	22.3	22.3	26.5	32.3	31.0	39.5	34.9	40.6	37.1	52.6	44.8	59.9
Other Tax															
Estate	0.5	0.3	0.7	0.7	0.5	0.7	1.1	0.3	0.7	1.1	3.3	1.0	0.9	1.6	1.2
Alaska Business Licence	5.4	5.5	6.9	19.9	38.8	2.1	1.5	1.4	1.0	0.1	0.0	0.0	0.1	0.2	0.0
Other	1.2	1.4	1.6	2.0	2.1	2.2	2.3	2.4	3.2	4.6	4.1	4.1	4.0	4.5	4.8
Total	7.1	7.2	9.2	22.6	41.4	5.0	4.9	4.1	4.9	5.8	7.4	5.1	5.0	6.3	6.0
TOTAL TAXES	2282.4	2514.2	2008.7	1937.0	1855.5	1473.4	1004.2	1206.9	1111.8	1381.8	1730.5	1458.7	1377.8	959.5	1206.5

- Non-Tax Portion-

	<u>FY 81</u>	<u>FY 82</u>	<u>FY 83</u>	<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>	<u>FY 90</u>	<u>FY 91</u>	<u>FY 92</u>	<u>FY 93</u>	<u>FY 94</u>	<u>FY 95</u>
Licenses and Permits															
Business	9.1	10.8	10.8	10.8	11.9	11.3	10.0	8.6	8.1	6.7	5.8	5.3	6.9	5.6	3.7
Non-Business	<u>12.2</u>	<u>13.0</u>	<u>14.9</u>	<u>15.9</u>	<u>17.0</u>	<u>18.0</u>	<u>19.2</u>	<u>19.7</u>	<u>20.2</u>	<u>21.1</u>	<u>23.3</u>	<u>27.1</u>	<u>25.8</u>	<u>30.1</u>	<u>31.0</u>
Total Licenses and Permits	21.3	23.8	25.7	26.7	28.9	29.3	29.2	28.3	28.3	27.8	29.1	32.4	32.7	35.7	34.7
Intergovernmental Receipts															
Federal Shared Revenues	8.5	21.7	33.3	14.0	10.5	14.5	9.7	6.9	6.1	10.0	14.8	11.4	10.3	4.3	4.2
Charges for Services															
Marine Highways	24.4	29.2	30.4	32	33.4	32.3	31.3	29.8	33.1	34	40.7	42.3	40.8	40.4	41.5
Airport	1.1	1.6	1.4	1.5	1.6	1.5	1.5	1.8	1.2	1.5	1.3	3.4	1.2	0.5	0.5
Court System	2.9	3.5	4.2	4.1	4.5	5.1	5.3	5.5	6.0	5.8	6.4	6.2	6.8	6.6	6.4
Other	<u>7.8</u>	<u>9.7</u>	<u>11.4</u>	<u>9.1</u>	<u>13.1</u>	<u>9.3</u>	<u>8.9</u>	<u>2.7</u>	<u>3.3</u>	<u>4.9</u>	<u>8.8</u>	<u>34.5</u>	<u>6.3</u>	<u>10.9</u>	<u>11.2</u>
Total Charges for Services	36.2	44.0	47.4	46.7	52.6	48.2	47.0	39.8	43.6	46.2	57.2	86.4	55.1	58.4	59.6
Rents and Resources															
Oil and Gas Bonuses	7.6	5.0	36.2	10.1	11.5	34.7	0.5	5.6	11.4	0.0	18.9	2.6	38.3	0.6	1.0
Oil and Gas Royalties	1118.5	1157.3	1078.4	1047.5	1034.0	830.7	439.3	694.8	605.9	747.4	951.6	702.4	711.3	512.1	628.3
Timber Sales	0.0	1.2	4.0	2.9	3.1	2.9	7.2	1.1	0.5	0.8	0.4	0.6	0.6	0.4	0.6
Coal Rents and Royalties	5.4	3.5	4.3	6.0	5.1	6.2	6.0	6.0	5.3	5.3	5.9	3.9	6.0	4.6	4.6
Sale of State Property	<u>4.8</u>	<u>5.2</u>	<u>6.3</u>	<u>7.0</u>	<u>8.5</u>	<u>8.7</u>	<u>7.0</u>	<u>3.8</u>	<u>4.9</u>	<u>4.3</u>	<u>4.7</u>	<u>1.0</u>	<u>4.0</u>	<u>9.0</u>	<u>21.8</u>
Total Rents and Resources	1136.3	1172.2	1129.2	1073.5	1062.2	883.2	460	711.3	628	757.8	981.5	710.5	760.2	526.7	656.3
Investment Earnings	227.8	324.7	375.8	282.7	233.5	195.2	161.9	132.6	100.7	117.9	125.0	101.8	70.9	31.7	72.4
Miscellaneous Revenue															
Sub-Total NON-TAX REVENUE	1435.6	1594.2	1622.3	1453.1	1404.5	1183.4	724.7	935.0	816.7	970.6	1222.5	1003.9	974.2	693.0	876.4
Plus: Income from prior years*					418.2	70.5	163.9	257.7	33.6	154.8					
TOTAL NON-TAX REVENUE	1435.6	1594.2	1622.3	1453.1	1404.5	1602.1	795.2	1098.9	1074.4	1125.4	1256.1	1003.9	974.2	693.0	876.4
Total Tax Revenue	2282.4	2514.2	2008.7	1937.0	1855.5	1473.4	1004.2	1206.9	1111.8	1381.8	1730.5	1458.7	1377.8	959.5	1206.5
TOTAL GENERAL FUND															
UNRESTRICTED REVENUE	3718.0	4108.4	3631.0	3390.1	3260.0	3075.5	1799.4	2305.8	2186.2	2507.2	2986.6	2462.6	2352.0	1652.5	2082.9

*Petroleum Settlements received prior to the establishment of the Constitutional Budget Reserve Fund (CBRF).

TABLE 26.

HISTORICAL PETROLEUM REVENUE

(Millions of Dollars)

FY	Corporation		Severance		Petroleum Property		Reserve		Fed. Min.		Bonus		Rents		Royalties		Petroleum(2)		Total G.F.		% of Total Unrestricted Revenues			
	Petroleum Tax	Tax	Tax	Tax	Tax	Tax	Royalties	Royalties	(1) Sales	(1)	(1)	(1)	Special Settlements	Revenues	Revenues	Revenues	Revenues	Revenues	Revenues	Revenues				
59							3.1														3.1	25.4	12	
60							5.8					4.0		0.1								9.9	48.0	21
61							2.4				1.6			0.2								4.2	40.5	10
62							4.5				20.3			1.0								26.0	68.9	38
63							8.6				17.9			1.0								27.8	71.6	39
64							8.7				4.7			1.2								14.9	67.0	22
65							8.3				5.9			1.9								16.5	83.0	20
66							7.7				10.8			2.5								21.6	86.5	25
67							7.7				8.6			2.8								21.5	86.6	25
68							7.5				21.8			2.9								43.0	112.7	38
69							7.8				0.8			3.3								34.5	112.4	31
70							8.2				900.0			3.1								938.9	1067.3	88
71							8.6				0.2			2.9								47.0	220.4	21
72							7.9				0.3			3.0								48.4	219.2	22
73							6.7				3.8			3.4								50.3	208.2	24
74							7.1				24.8			3.6								80.2	254.9	31
75							9.8				1.0			3.9								90.4	333.4	27
76							5.1							3.7								391.5	709.8	55
77							2.0*							2.8*								477.6*	874.3	55
78							1.0*							1.8*								441.5*	764.9	58
79							1.2*							1.6*								821.6*	1133.0	73
80							1.2*				342.4*			1.8*								2256.5*	2501.2	90
81							1.2*				7.6*			3.7*								3304.3*	3718.0	89
82							17.1*				5.0*			2.1*								3574.8*	4108.4	87
83							27.2*				36.2*			2.5*								3026.6*	3631.0	83
84							11.0*				10.1*			3.8*								2861.6*	3390.1	84
85							8.2*				11.5*			3.4*								2743.5*	3260.0	84
86							14.3*				34.7*			4.2*								2657.4*	3075.5	86
87							9.0*				0.5*			3.8*								1394.5*	1799.4	77
88							6.7*				5.6*			5.7*								1949.6*	2305.8	85
89							5.6*				11.4*			5.3*								1840.4*	2186.2	84
90							6.3*				0.0*			4.2*								2121.4*	2507.2	85
91							7.1*				18.9*			5.8*								2571.8*	2986.6	86
92							5.8*				2.6*			4.2*								2007.4*	2462.6	82
93							5.4*				38.3*			6.0*								1967.8*	2352.0	84
94							4.0*				0.6*			4.5*								1292.7*	1652.5	78
95							3.5*				1.0*			4.0*								1617.1*	2082.9	77

* Net of Permanent Fund contribution and Constitutional Budget Reserve Fund (CBRF) deposits.

(1) These categories are primarily composed of petroleum revenue; however, they include some additional revenue from other minerals (mostly coal).

(2) Not subject to CBRF.

TABLE 27. **HISTORICAL CRUDE OIL SPOT PRICES**
(\$/Barrel Nominal)

<u>FY</u>	<u>ANS at West Coast</u>	<u>ANS at Gulf Coast</u>	<u>ANS Market*</u>	<u>WTI</u>
1981	.	34.92	34.92	.
1982	.	32.04	32.04	32.98
1983	.	30.31	30.31	32.52
1984	.	29.23	29.23	30.59
1985	.	27.89	27.89	28.15
1986	.	22.03	22.03	23.11
1987	.	15.05	14.98	16.14
1988	16.12	16.97	16.45	18.53
1989	14.61	15.21	14.80	16.93
1990	17.22	17.66	17.34	20.06
1991	21.57	22.21	21.72	24.95
1992	16.64	17.81	16.88	20.69
1993	17.83	18.53	17.93	20.69
1994	14.05	15.03	14.22	16.69
1995	16.77	17.10	16.83	18.46
1996	17.76	.	17.76	19.20

* formerly called ANS Lower 48.

Source: Platt's Oilgram Price Report.

TABLE 28. **HISTORICAL CRUDE OIL PRODUCTION**
(Million Barrel/Day)

<u>FY</u>	<u>ANS</u>	<u>Cook Inlet</u>	<u>TOTAL</u>
1978	0.702	0.144	0.846
1979	1.197	0.131	1.328
1980	1.422	0.109	1.531
1981	1.511	0.093	1.604
1982	1.570	0.080	1.650
1983	1.627	0.073	1.700
1984	1.657	0.065	1.722
1985	1.694	0.055	1.749
1986	1.802	0.045	1.847
1987	1.849	0.047	1.896
1988	2.005	0.043	2.048
1989	1.960	0.043	2.003
1990	1.853	0.033	1.886
1991	1.799	0.040	1.839
1992	1.791	0.042	1.833
1993	1.687	0.041	1.728
1994	1.601	0.038	1.639
1995	1.573	0.042	1.615
1996	1.475	0.042	1.517

Source: Alaska Department of Revenue, Oil & Gas Audit Division.

In accordance with AS 37.07.060(b)(4), the Revenue Sources Book is compiled biannually by the Department of Revenue to assist the Governor in formulating a proposed comprehensive financial plan for presentation to the State Legislature. Within the publication are shown prior year actuals, revised current year estimates, and future year projections.

Anticipated State income is projected through the use of a number of data sources: (1) econometric models developed by the Department of Revenue to forecast unrestricted non-petroleum revenues; (2) a petroleum revenue model created by the Department's Oil and Gas Audit Division; and (3) estimates from individual State agencies.

The Department of Revenue thanks the various State agencies for their cooperation in computing anticipated revenues for publication in this document.

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