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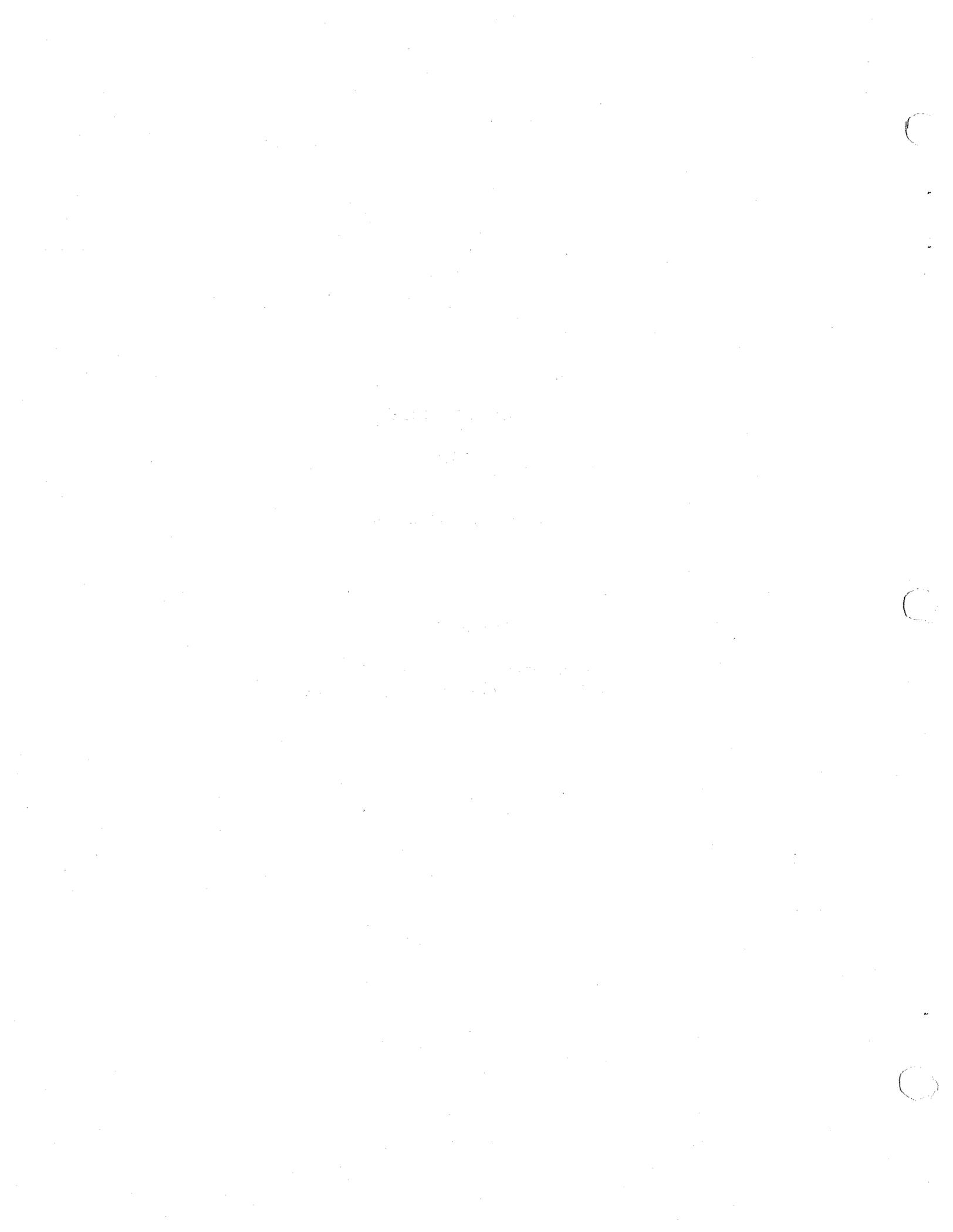
REVENUE SOURCES

Alaska

Fiscal Years 1974-1980

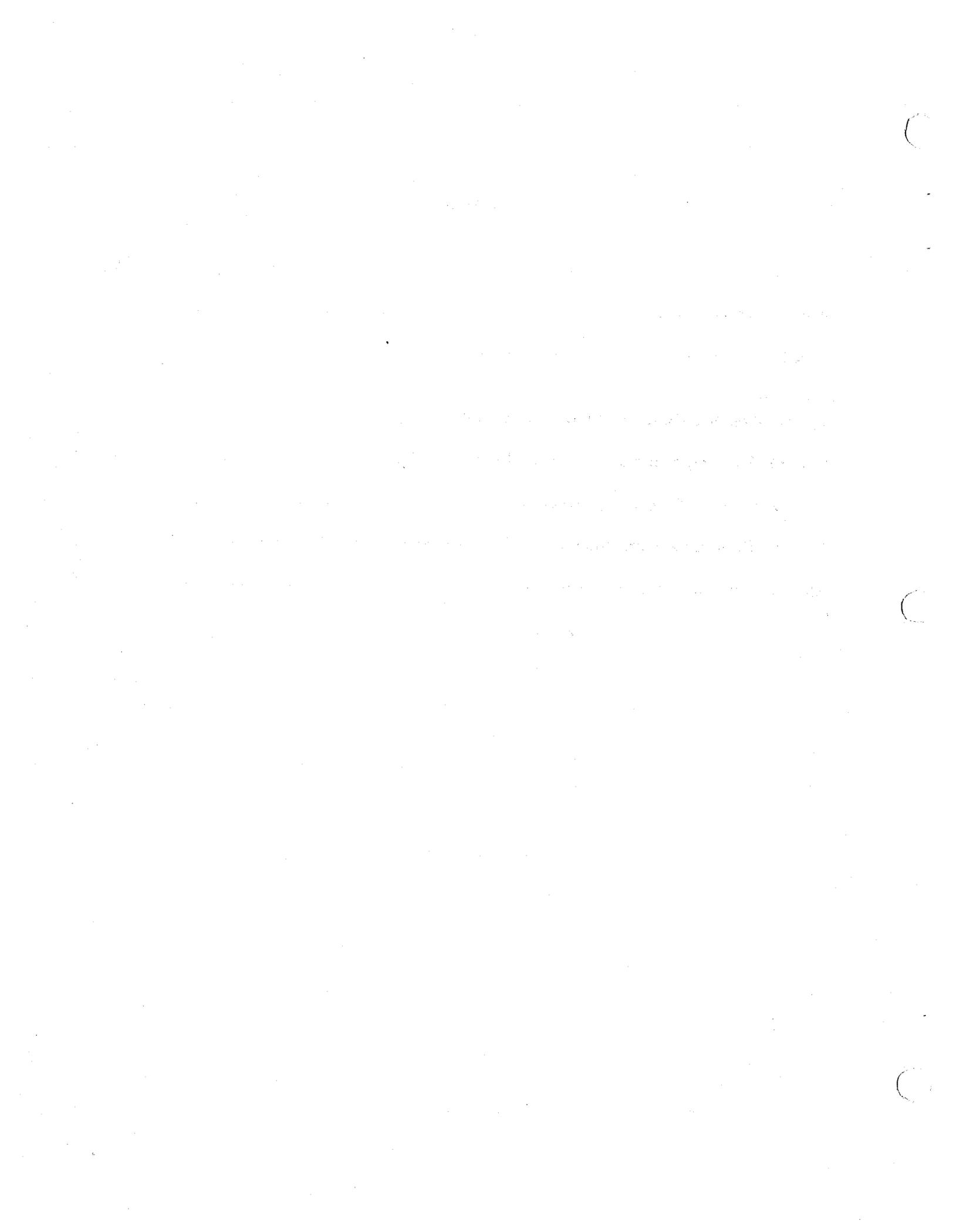
Prepared by

Department of Administration
Division of Budget and Management



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INTRODUCTION

The purpose of the Revenue Source Book is to provide an estimate of the probable basic income of the State of Alaska for the next several years as indicated by presently known and reoccurring factors. In an effort to present this data in a more readable and usable manner, an entirely new format has been designed.

The Source Book is now divided into two sections, the first of which contains schedules of the revenue projections for the State of Alaska and the second, a brief explanation of the major source estimates. The schedules given are for the General Fund and Special Funds with the General Fund shown under the following categories:

- Taxes
- Licenses and Permits
- Intergovernmental Receipts
- State Resource Revenues
- Miscellaneous Revenues

Information relating to anticipated federal and program receipts for Fiscal Year 1976 may be found in the Budget Document. Due to the uncertainty of the future of many federal programs, no attempt has been made to project such funding beyond the next budget year.

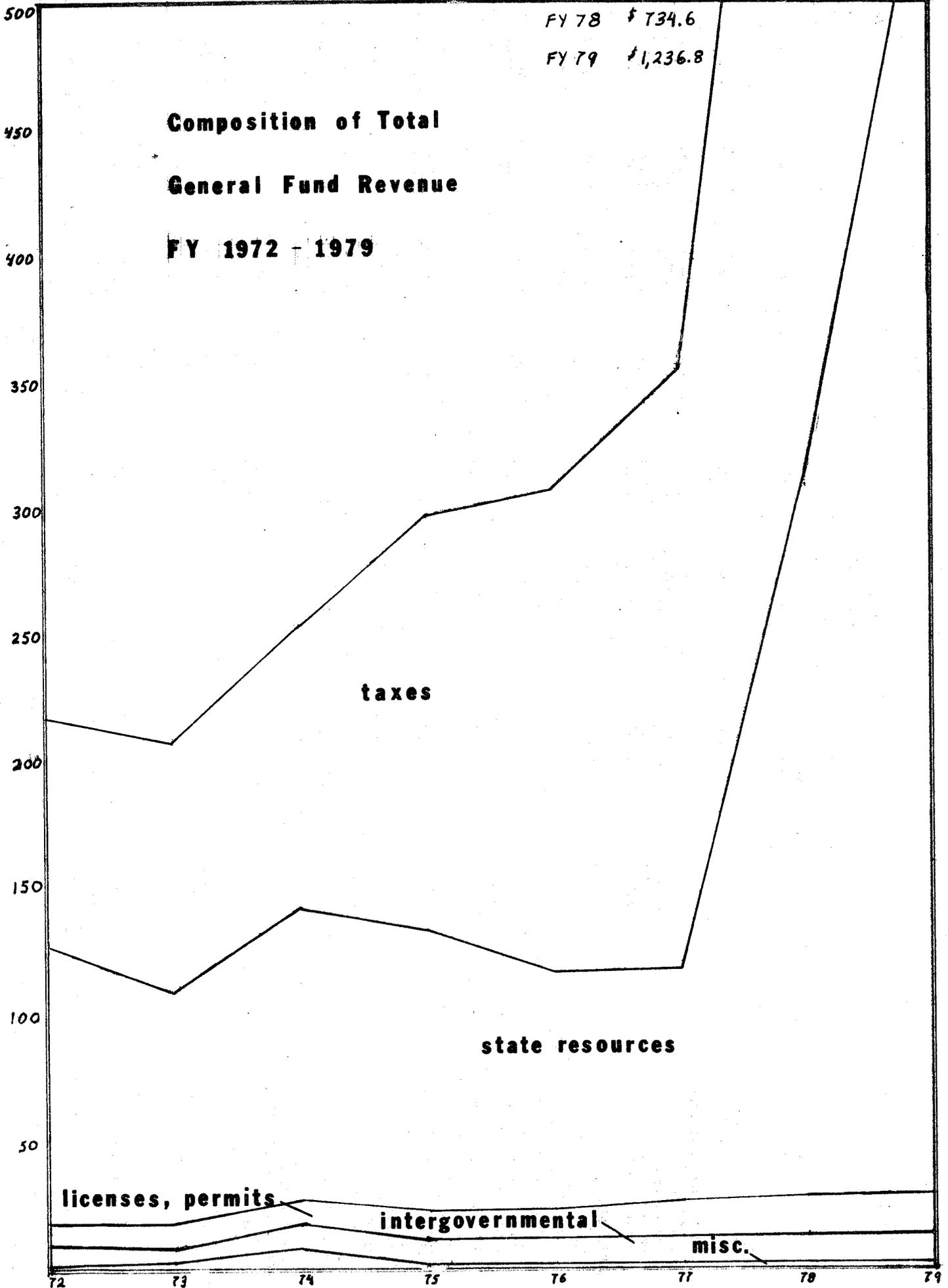
For informational purposes a comparative statement of revenue estimates/actual receipts for the past three years has also been included. The Budget Estimate column on this schedule shows the revenue estimated during the preparation of the budget, the figures in the Revised Estimate column reflect the changes apparent by the beginning of the following budget cycle, which occurs approximately mid-way in the fiscal year.

With the exception of investment income, non-tax receipts of the General Fund consist primarily of revenues from the State's natural resources. Principal among these are land and mineral leases, land and renewable resource sales and oil and gas royalties. The dramatic increase in such revenues as foreseen at this time is shown graphically in Chart I.

DEFINITION OF TERMS USED IN THIS DOCUMENT

Unrestricted General Fund Receipts - represent receipts that are unrestricted in their use and are deposited in the General Fund for appropriation to various governmental programs and services.

Special Fund Receipts - represent receipts received by the State and deposited in funds other than the General Fund. Special funds are established by law and are accounted for separately.



REVENUE SOURCE BOOK
UNRESTRICTED REVENUES - MAJOR TYPES
GENERAL FUND OPERATING ACCOUNTS
FIVE YEAR PROJECTION

Receipt Source	1974 Actual	1975 Budget Estimate	1975 Revised Estimate	1976 Estimate	1977 Estimate	1978 Estimate	1979 Estimate	1980 Estimate
TAXES								
Property Taxes								
Land Registration Fees	.9	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Oil and Gas Property*	-0-	4,000.0	6,500.0	15,300.0	61,000.0	95,500.0	108,000.0	108,000.0
Selective Sales and Use Taxes								
Alcoholic Beverages*	5,690.9	6,630.5	6,772.2	7,318.7	8,046.0	7,885.8	8,437.8	9,028.4
Fuel - Aviation	1,568.1	1,472.1	2,616.9	3,166.4	3,736.3	4,184.6	4,686.7	5,249.1
Fuel - Highway*	10,986.8	11,076.4	12,321.3	15,771.2	19,714.0	22,979.7	24,729.3	27,696.8
Fuel - Watercraft	1,187.7	1,066.6	1,151.9	1,244.1	1,343.6	1,545.1	1,567.0	1,692.4
Tobacco Products	1,286.2	1,446.2	1,504.0	1,684.5	1,886.6	2,113.0	2,366.6	2,650.0
Income Taxes								
Corporation*	8,244.4	8,488.6	9,627.1	10,534.2	11,499.6	16,472.1	20,980.2	21,706.7
Fiduciary	33.7	32.5	32.5	35.0	37.5	40.0	45.0	47.5
Individual*	49,185.0	61,274.9	74,915.4	85,585.6	76,590.6	71,583.4	71,887.2	75,878.9
Gross Receipts/Business Taxes								
Alaska Business License*	7,538.7	7,785.0	8,292.6	10,150.1	12,047.2	12,265.2	12,147.2	12,639.9
Commercial Fishing	2,752.9	2,148.5	2,671.1	2,667.5	3,461.1	3,462.2	3,465.1	3,818.9
Insurance Companies*	3,765.1	4,595.4	4,069.4	4,301.0	4,549.2	4,831.9	5,130.0	5,304.7
Public Utilities	608.6	660.0	660.0	700.0	740.0	780.0	820.0	860.0
Other Gross Receipts	28.4	30.0	30.0	60.0	70.0	80.0	80.0	100.0
Severance Taxes								
Gravel, Timber, Etc.	322.2	451.8	456.4	926.5	1,146.5	735.5	320.5	243.0
Oil and Gas Production*	14,759.7	17,728.0	29,118.0	29,116.0	29,231.0	179,972.0	394,844.0	476,503.0
Other Taxes								
Death and Gift	111.7	57.0	57.0	56.5	56.0	59.0	62.0	70.0
School	1,642.9	1,771.1	1,820.9	1,939.7	1,981.3	1,960.8	2,038.2	2,103.7
Miscellaneous	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total Taxes	109,710.9	130,715.8	162,617.9	190,558.2	237,137.7	425,554.5	661,608.0	753,394.2
LICENSES AND PERMITS								
Business Licenses and Permits								
Alcoholic Beverages	796.4	846.8	818.1	837.1	851.1	860.6	871.9	885.4
Amusements	80.4	71.9	80.2	80.2	81.3	81.3	82.4	82.4
Commercial Fishing	694.4	731.4	678.7	678.7	678.7	678.7	678.7	678.7
General Corporation	791.3(1)	891.9	827.6	867.8	906.7	947.3	987.0	1,026.8
Police and Protective (Regulatory)	1,043.4	1,144.6	1,136.8	1,197.1	1,237.0	1,271.7	1,290.9	1,306.0
Professional and Occupational	653.0	588.3	597.3	713.0	673.0	765.1	690.4	768.1
Other	11.3	13.9	12.0	13.0	13.0	14.0	14.0	15.0
Non-Business Licenses and Permits								
Hunting, Fishing and Trapping	32.1	25.5	33.7	35.4	37.0	38.9	40.8	42.9
Motor Vehicle - Operators	360.4	370.9	370.0	385.0	400.0	425.0	450.0	475.0
Motor Vehicle - Titles/Registration*	6,421.5	7,231.4	7,331.4	7,974.5	8,722.0	9,157.0	10,130.0	10,690.0
Other	8.2	2.5	2.5	7.9	2.5	8.5	2.5	8.5
Total Licenses and Permits	10,892.4	11,919.1	11,888.3	12,789.7	13,602.3	14,666.1	15,238.6	15,978.8

* Explanation contained in Section II - Major Source Estimates

(1) First Year of Operation - Fisheries Entry Commission

REVENUE SOURCE BOOK
UNRESTRICTED REVENUES - MAJOR TYPES
GENERAL FUND OPERATING ACCOUNTS
FIVE YEAR PROJECTION

Receipt Source	1974 Actual	1975 Budget Estimate	1975 Revised Estimate	1976 Estimate	1977 Estimate	1978 Estimate	1979 Estimate	1980 Estimate
INTERGOVERNMENTAL RECEIPTS								
Federal Shared Revenue								
Federal Lands	976.8	1,284.1	689.1	1,292.7	1,554.1	1,839.9	2,123.9	2,202.9
Mineral Rents and Royalties*	7,070.8	6,155.0	9,784.0	9,336.0	9,622.0	9,825.0	9,726.0	9,508.0
Taxes (Power Act)	2.2	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Total Intergovernmental Receipts	8,049.8	7,441.6	10,475.6	10,631.2	11,178.6	11,667.4	11,852.4	11,713.4
STATE RESOURCE REVENUES								
Facilities Related Charges								
Airports								
Ferry System - General*	599.9	1,322.6	748.6	771.5	798.6	826.1	816.5	830.3
Ferry System - Southeast*	8.7	9.0	9.0	9.0	9.0	9.0	9.0	9.0
Ferry System - Southwest*	9,573.2	11,800.0	11,790.0	13,330.0	14,260.0	14,970.0	15,680.0	16,390.0
Food Services	1,013.5	1,250.0	1,260.0	1,411.0	1,478.0	1,545.0	1,612.0	1,685.0
Hospital Fees	201.9	51.3	214.5	217.2	177.4	177.5	177.6	177.7
Non-Hospital Institutional Fees	730.1	542.0	592.0	644.0	695.0	741.0	792.0	843.0
Parks and Recreation	2,832.6	1,148.5	1,728.5	1,987.1	2,038.1	2,085.1	2,136.1	2,188.1
Quarters Rental	16.2	400.0	-0-	100.0	150.0	200.0	200.0	200.0
	493.2	437.2	487.9	540.3	553.9	567.6	566.1	564.7
Services Related Charges								
Court System	1,916.4	2,132.9	3,231.6	4,033.9	4,588.6	4,365.2	4,943.3	5,606.4
Health Control	5.7	3.9	5.8	6.0	6.0	6.0	6.0	6.0
Legal Services	90.4	107.0	105.0	110.0	116.0	122.0	128.0	134.0
Sale/Recording of Public/Legal Documents	224.7	227.4	221.2	248.4	258.8	270.0	281.4	292.6
Statutory Examination Fees	62.4	100.5	134.0	166.3	188.5	201.3	215.0	239.0
Other	35.5	104.0	-0-	-0-	-0-	-0-	-0-	-0-
Sale/Use of State Resources								
Investment Earnings (2)*	41,066.6	34,626.9	31,844.7	20,745.1	14,834.6	15,094.6	16,855.7	17,887.4
Rents*	4,028.5	4,414.5	4,406.1	4,652.3	4,865.4	4,970.4	4,972.4	4,972.4
Royalties*	28,736.0	30,397.5	40,891.5(5)	42,089.5	42,475.5	233,644.5	495,645.5	608,591.5
Sale of State Property*	1,424.6	965.0	11,457.5(5)	1,458.5	1,558.5	1,558.5	1,558.5	1,558.5
Special Assessments (Bonus Sales)*	24,820.8	6,500.0	1,791.8	-0-	-0-	-0-	-0-	-0-
Total State Resource Revenues	117,840.9	96,540.2	110,919.7	92,520.1	92,021.9	281,353.8	546,595.1	662,175.6
MISCELLANEOUS REVENUES								
Returns, etc.								
Compensation	175.4	-0-	142.9	154.3	166.6	179.9	194.3	209.8
Refunds and Recoveries	1,185.3	3,886.2(4)	882.2	952.8	1,029.0	1,111.3	1,200.2	1,296.2
Other	7,176.1(3)	50.2	109.9	118.7	128.2	138.5	149.6	161.6
Total Miscellaneous Revenues	8,536.8	3,936.4	1,135.0	1,225.8	1,323.8	1,429.7	1,544.1	1,667.6
Total Unrestricted Revenues	255,030.8	250,553.1	297,036.5	307,725.0	355,294.3	734,671.5	1,236,838.2	1,444,929.6

(2) Actual figures do not include accrued interest.
 (3) Includes receipts from sale of M/V Wickersham \$7,026.3.
 (4) Includes reimbursement of initial costs of monitoring construction of oil pipeline haul road \$3,678.5.
 (5) Includes sale of land at Valdez \$10,000.0

REVENUE SOURCE BOOK
SPECIAL FUNDS
FIVE YEAR PROJECTION

	1974 Actual	1975 Budget Estimate	1975 Revised Estimate	1976 Estimate	1977 Estimate	1978 Estimate	1979 Estimate	1980 Estimate
Training and Building Fund	79.9	70.0	80.0	85.0	85.0	90.0	90.0	90.0
Federal Revenue Sharing Fund	2,816.3	2,718.8	3,042.5	2,731.7	2,731.7	2,727.5	2,727.5	2,727.5
School Fund	2,143.7	2,411.4	2,507.9	2,808.8	3,145.9	3,523.4	3,946.2	4,419.7
Fish and Game Fund	4,667.3	5,400.6	5,130.4	6,122.1	6,172.4	6,323.7	6,480.6	6,619.2
World War II Veteran's Loan Fund	527.4	574.6	901.0	1,076.3	1,121.6	1,161.8	1,202.0	1,242.4
Agriculture Loan Fund	179.0	161.1	159.0	171.0	179.0	189.0	198.9	208.7
Small Business Loan Fund	30.0	33.4	24.5	26.0	31.0	38.5	46.0	56.0
Commercial Fish Loan Fund	2.9	45.3	38.5	40.0	45.0	50.0	55.0	60.0
Tourism Loan Fund	54.9	44.0	44.0	75.0	125.0	175.0	225.0	275.0
International Airport Revenue Fund	<u>12,320.9</u>	<u>12,664.2</u>	<u>16,381.0(1)</u>	<u>20,969.5</u>	<u>23,196.5</u>	<u>26,974.0</u>	<u>30,056.0</u>	<u>33,819.0</u>
Total Special Funds	<u>22,822.3</u>	<u>24,123.4</u>	<u>28,308.8</u>	<u>34,105.4</u>	<u>36,833.1</u>	<u>41,252.9</u>	<u>45,027.2</u>	<u>49,517.5</u>

(1) Estimates based on proposed rate changes.

REVENUE SOURCE BOOK
UNRESTRICTED REVENUES - MAJOR TYPES
GENERAL FUND OPERATING ACCOUNTS
THREE YEAR COMPARATIVE STATEMENT - ESTIMATE TO ACTUAL

Receipt Source	Fiscal Year 1972			Fiscal Year 1973			Fiscal Year 1974		
	Budget Estimate	Revised Estimate	Actual	Budget Estimate	Revised Estimate	Actual	Budget Estimate	Revised Estimate	Actual
TAXES									
Property Taxes									
Land Registration Fees	1.2	1.1	1.2	1.3	1.3	1.0	1.3	1.3	.9
Oil and Gas Property	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Selective Sales and Use Taxes									
Alcoholic Beverages	5,312.5	5,293.0	4,837.8	6,301.1	5,124.2	5,234.7	5,636.7	5,667.1	5,690.9
Fuel - Aviation	1,650.0	1,673.1	1,476.6	1,840.0	1,386.8	1,257.9	1,577.3	1,210.6	1,568.1
Fuel - Highway	9,417.0	8,974.4	8,898.8	9,928.9	9,431.3	10,093.3	10,621.2	10,046.0	10,986.8
Fuel - Watercraft	802.4	1,042.1	1,026.5	1,100.6	1,041.3	1,093.2	1,083.0	1,025.5	1,187.7
Tobacco Products	1,219.0	1,233.6	1,209.2	1,357.0	1,224.8	1,216.1	1,447.3	1,264.2	1,286.2
Income Taxes									
Corporation	6,434.7	6,524.1	6,458.0	6,906.9	6,886.8	6,846.6	7,594.7	7,645.4	8,241.4
Fiduciary	16.0	25.0	47.6	40.0	50.0	13.9	50.0	30.0	33.7
Individual	42,340.2	37,686.5	39,076.3	42,962.7	41,039.4	43,363.7	49,822.4	47,028.7	49,185.0
Gross Receipts/Business Taxes									
Alaska Business License	6,150.0	5,918.0	6,069.1	6,321.0	6,433.2	6,701.5	7,015.1	7,141.1	7,538.7
Commercial Fishing	2,592.0	2,592.0	3,282.7	3,261.8	2,140.4	2,506.3	2,217.3	1,926.5	2,752.9
Insurance Companies	3,300.0	3,795.0	3,475.9	4,364.3	3,927.8	3,705.6	4,438.4	4,140.0	3,765.1
Public Utilities	385.0	425.0	469.0	450.0	500.0	542.1	520.0	585.0	608.6
Other Gross Receipts	50.0	17.0	30.7	17.0	32.0	16.0	40.0	20.0	28.4
Severance Taxes									
Gravel, Timber, Etc.	287.0	272.0	314.9	372.0	312.3	431.2	232.5	398.0	322.2
Oil and Gas Production	8,644.6	10,880.0	11,400.8	9,535.0	10,947.0	12,027.6	8,826.0	13,905.0	14,759.7
Other Taxes									
Death and Gift	18.0	57.0	98.5	28.0	59.2	63.7	60.0	61.0	111.7
School	1,564.7	1,399.3	1,491.5	1,455.3	1,533.9	1,575.7	1,654.3	1,654.5	1,642.9
Miscellaneous	-0-	1.6	1.8	-0-	-0-	-0-	-0-	-0-	-0-
Total Taxes	<u>90,184.3</u>	<u>87,809.8</u>	<u>89,666.9</u>	<u>96,247.9</u>	<u>92,071.7</u>	<u>96,650.1</u>	<u>102,837.5</u>	<u>103,749.9</u>	<u>109,710.9</u>
LICENSES AND PERMITS									
Business Licenses and Permits									
Alcoholic Beverages	858.3	741.2	758.5	805.8	784.5	792.9	810.1	817.6	796.4
Amusements	56.4	62.4	71.1	64.5	71.7	70.3	72.8	70.8	80.4
Commercial Fishing	666.8	634.0	614.7	634.0	614.0	614.0	614.0	731.4	694.4
General Corporation	618.0	639.8	639.0	667.2	679.8	752.5	719.3	821.9(1)	791.3(1)
Police and Protective (Regulatory)	452.5	405.9	328.6	422.8	358.9	346.8	405.2	1,018.8(1)	1,043.4(1)
Professional and Occupational	441.4	444.8	434.8	506.4	498.7	489.5	578.3	545.4	653.0
Other	17.7	13.0	16.0	13.0	16.0	12.9	16.5	13.5	11.3
Non-Business Licenses and Permits									
Hunting, Fishing and Trapping	21.9	21.2	20.4	22.7	28.1	28.4	28.9	30.9	32.1
Motor Vehicle - Operators	304.5	344.5	285.6	364.5	345.0	322.9	350.0	350.0	360.4
Motor Vehicle - Titles/Registration	6,332.3	5,880.1	5,919.6	6,238.2	6,337.3	6,129.0	6,851.5	6,905.0	6,421.5
Other	21.5	10.0	5.4	2.2	2.3	1.6	11.4	14.4	8.2
Total Licenses and Permits	<u>9,772.3</u>	<u>9,196.9</u>	<u>9,093.7</u>	<u>9,741.3</u>	<u>9,736.3</u>	<u>9,698.7</u>	<u>10,458.0</u>	<u>11,319.7</u>	<u>10,892.4</u>

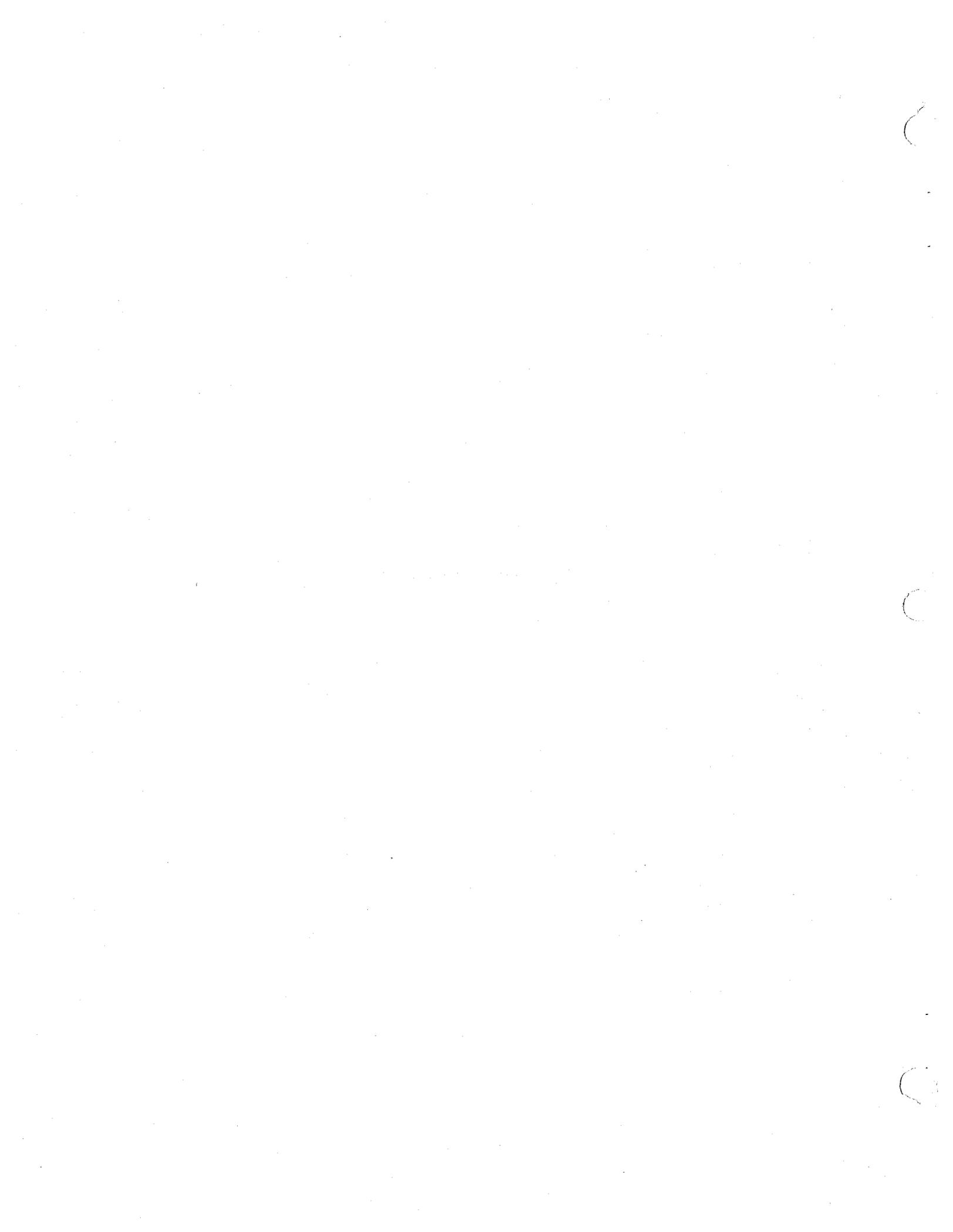
(1) First year of operation: Fisheries Entry Commission

REVENUE SOURCE BOOK
UNRESTRICTED REVENUES - MAJOR TYPES
GENERAL FUND OPERATING ACCOUNTS
THREE YEAR COMPARATIVE STATEMENT - ESTIMATE TO ACTUAL

Receipt Source	Fiscal Year 1972			Fiscal Year 1973			Fiscal Year 1974		
	Budget Estimate	Revised Estimate	Actual	Budget Estimate	Revised Estimate	Actual	Budget Estimate	Revised Estimate	Actual
INTERGOVERNMENTAL RECEIPTS									
Federal Shared Revenue									
Federal Lands	976.8	1,061.5	1,056.0	1,258.8	885.3	886.0	1,218.2	977.1	976.8
Mineral Rents and Royalties	8,000.7	7,607.6	7,893.9	7,601.2	5,946.3	6,711.4	6,048.0	6,036.0	7,070.8
Taxes (Power Act)	2.5	2.5	2.2	2.5	2.5	2.2	2.5	2.5	2.2
Total Intergovernmental Receipts	8,980.0	8,671.6	8,952.1	8,862.5	6,834.1	7,529.6	7,268.7	7,015.6	8,049.8
STATE RESOURCE REVENUES									
Facilities Related Charges									
Airports	692.4	583.2	503.3	752.0	716.2	666.1	1,306.7	1,013.1	559.9
Ferry System - General	7.5	8.0	7.6	8.0	8.0	7.6	8.0	9.0	8.7
Ferry System - Southeast	9,510.0	8,600.0	8,106.5	9,455.0	9,320.0	10,107.4	10,060.0	10,060.0	9,573.2
Ferry System - Southwest	1,013.0	873.0	849.7	948.0	928.0	947.4	1,024.0	1,013.0	1,013.5
Food Services	27.6	39.6	269.3	42.1	160.8	165.6	190.5	51.0	201.9
Hospital Fees	474.1	396.1	490.2	478.9	478.9	642.6	538.7	539.0	730.1
Non-Hospital Institutional Fees	386.5	407.7	1,149.9	528.9	985.1	2,548.0	1,079.5	1,025.4	2,832.6
Parks and Recreation	10.7	9.3	7.6	26.8	26.9	9.3	26.9	100.0	16.2
Quarters Rental	342.6	224.7	405.4	228.9	399.7	521.3	441.7	369.5	493.2
Service Related Charges									
Court System	1,426.2	2,012.8	1,660.3	2,203.9	1,527.3	1,638.3	1,677.1	1,909.0	1,916.4
Health Control	2.6	3.7	2.4	3.8	3.7	4.2	3.8	3.9	5.7
Legal Services	57.6	45.0	58.6	45.0	45.0	58.6	47.8	102.0	90.4
Sale/Recording of Public/Legal Documents	117.1	157.4	167.8	179.1	216.6	179.8	259.1	219.0	224.7
Statutory Examination Fees	64.7	57.5	90.0	61.0	65.5	58.5	94.0	82.3	62.4
Other	-0-	-0-	101.1	-0-	104.0	13.0	104.0	104.0	35.5
Sale/Use of State Resources									
Investment Earnings (2)	60,731.3	70,338.9	67,333.4	52,055.2	52,447.8	43,248.3	45,238.4	42,619.4	41,066.6
Rents	3,900.2	4,645.0	3,526.6	4,854.2	5,447.3	3,924.6	6,050.7	4,199.6	4,028.5
Royalties	21,219.0	23,662.0	24,595.2	21,478.0	22,872.4	23,469.1	21,272.4	28,234.5	28,736.0
Sale of State Property	820.0	668.0	914.9	694.0	914.0	1,081.6	883.0	965.0	1,424.6
Special Assessments (Bonus Sales)	6,010.0	-0-	287.5	5,020.0	1,300.0	3,834.2	7,275.0	28,000.0	21,820.8
Total State Resource Revenues	106,813.1	112,731.9	110,487.3	99,062.8	100,997.2	93,125.5	97,881.3	120,618.7	117,840.9
MISCELLANEOUS REVENUES									
Returns, etc.									
Compensations	2.5	30.5	68.8	1.6	84.6	184.5	3.9	30.0	175.4
Refunds and Recoveries	66.2	210.9	602.3	148.0	888.2	859.1	617.5(3)	219.1	1,185.3
Other	20.4	11.9	106.9	12.3	34.5	46.6	7,026.9	7,046.7	7,176.1
Total Miscellaneous Revenues	89.1	253.3	778.0	161.9	1,007.3	1,090.2	7,648.3	7,295.8	8,536.8
Total Unrestricted Revenues	215,838.8	218,663.5	218,978.0	214,076.4	210,646.6	208,164.1	226,093.8	249,999.7	255,030.8

(2) Actual figures do not include accrued interest.
(3) Includes sale of M/V Wickersham.

MAJOR SOURCE ESTIMATES



MAJOR SOURCE ESTIMATES

TAXES

Oil and Gas Property

An annual tax of 20 mills is levied each year beginning January 1, 1974 on the full and true value of taxable property except that for 1975 the tax is 15 mills on the Alyeska Pipeline and related production facilities. Municipalities may also levy and collect a tax at the rate which applies to other property within their jurisdiction, the amount of which shall be credited against that levied by the State. The revenue estimates reflect net revenue to the State after tax credit has been allowed for the municipal governments. The first revenue will be received by the State in 1975 based on full and true value determinations as of January 1, 1974, for exploration properties and for production and pipeline properties in operation and actually producing; and as of April 1, 1974, for the Alyeska Pipeline and related production facilities.

Alcoholic Beverages

The tax rate varies according to type as follows:

Malt Beverages	- 1% or more alcohol	\$.25 per gallon
Wine	- 21% or less alcohol		.60 per gallon
Hard Liquor	- 21% or over alcohol		4.00 per gallon

Revenue estimates for FY 1975 through FY 1977 were computed using an average normal growth rate of 9% plus 10% due to pipeline construction. Estimates for FY 1978 through FY 1980 were based on a 7% normal growth rate only.

Fuel - Highway

Highway motor fuel is taxed at 8¢ per gallon on the first transfer or sale. However, as the proper tax on such fuel for off-highway use is 2¢ per gallon, a user may claim a refund of 6¢ per gallon for fuel so used if the claim is filed within one year of purchase. A very large amount of off-highway usage is anticipated during the pipeline construction period, peaking in calendar years 1975 and 1976.

Corporation

Corporations are taxed at 18% of federal tax rates in effect as of December 31, 1963. Many corporations have a tax year different from the State's fiscal year. As the corporation income tax is due on the fifteenth day of the third month following the close of each corporation's tax year, such taxes may not be recorded until the next State fiscal year. In some cases, certain allowable methods of accounting may defer the reporting of income until later years.

Individual

Individuals are taxed at the rate of 16% of the total tax due on all income derived from sources within the State at the federal tax rate in effect as of December 31, 1963. Using the trends in collections for the past three years, an estimate of the expected net income

tax for FY 1975 was computed. With this as a base and an adjusted normal growth rate of 8%, revenues for FY 1976 through FY 1980 were projected. Impact of the North Slope direct payroll and indirect revenues were then added to the base projections for these years.

Alaska Business License

The initial license fee for businesses is \$25.00 per year. Additional rates on gross receipts are:

\$ 20,000 to	\$100,000	$\frac{1}{2}$ of 1 percent
\$100,000	and over	\$400 plus $\frac{1}{4}$ of 1 percent

A 7 percent rate is levied on the net income of banks, trust companies and savings and loan associations.

Revenue estimates reflect net collections before sharing with political subdivisions and are based on present license fees considering all statutorily allowed exemptions. Estimates of Revenue shown are computed at an average growth rate compounded annually to cover normal anticipated growth. For Fiscal Years 1975 through 1979 additional revenues were added based on expected pipeline expenditures in the State. It must be noted that although expenditures may occur in one fiscal year the impact does not register until the following fiscal year since the gross receipts tax is based on a calendar year and the taxes are not collected until February of the following calendar year.

Insurance Companies

Insurance premium taxes are based on the following rates:

Foreign Life	3%
Foreign Property & Casualty	3%
Domestic	1 $\frac{1}{2}$ %
Hospital Service	6%
Title	1%
Wet Marine	3/4%
Surplus Lines	3%

Oil and Gas Production

Oil: Alaska Statutes, which became effective January 1, 1974, provide two separate methods of computing the oil tax, with the highest computation resulting in the tax due. The tax is levied on the producer for each barrel of oil sold from each property, less any part which is exempt from taxation. The tax is based upon the average daily production for each well for the calendar month in barrels, determined according to the following schedules, and any part which is exempted from taxation is deducted from the tax levied on a pro rata basis as to each production level tax bracket:

- A. Percent
1. five percent on the first 300 barrels;
 2. six percent on the next 700 barrels;
 3. eight percent on all in excess of 1,000 barrels.

B. Cents per Barrel

1. \$.16875 on each of the first 300 barrels of 27° API gravity oil;
2. \$.2025 on each of the next 700 barrels of 27° API gravity oil;
3. \$.2700 on each barrel in excess of 1,000 barrels of 27° API gravity oil;
4. Adjust above cents/barrel by $\pm 2\%$ for each \pm API degree gravity difference from 27°, except for oils with gravities above 40° API, which will be taxed as 40 degree oil.
5. Adjust above cents/barrel at least semi-annually by \pm a percent equal to the \pm percentage change in the Wholesale Price Index for crude petroleum published by the Bureau of Labor Statistics, of the U.S. Department of Labor based on changes computed from 1967 as the base year.
6. When the tax levied under this section is payable, \$.05 for each barrel of oil produced will be paid by the State, out of its royalties from the oil, into the Alaska Native Fund until all amounts paid in the fund equal \$500,000,000.

Gas: The gas production tax is also levied on the producer of the gas sold from each property, less the value of any part which is exempt from taxation. The tax is four percent of the gross value of the gas and liquid products produced each month.

The royalty and production tax income is obtained by estimating the total oil, condensate and plant products production and total gas sales for each month during the forecast period. This production data; wellhead values; number of producing wells; and State, Federal and Native Claims net interest factors are entered into a computer program which calculates each month's income for each oil and gas field and the State total. Royalty and tax income estimates from oil and gas operations have been made after considering the past and future production performance of each pool in the State. This involves analysis of individual leases, wells and pressure maintenance projects. All oil fields in Cook Inlet are now under pressure maintenance operations which has the effect of prolonging peak production and arresting the production decline, in spite of very little additional field development in the forecast period. This, coupled with increasing oil prices, results in a moderate increase in predicted total oil and gas revenue in the years before North Slope crude starts through the pipeline in FY 1978.

There is a dispute between the State and most of the oil companies on the value of Cook Inlet crudes. This matter is being litigated. For royalty purposes the current value being paid by Tesoro Alaskan Petroleum Corporation for State royalty oil taken in kind has been used as a basis for income estimates. The price now being paid by the operators was used for production tax computations. The weighted average price of State royalty is currently \$4.73 per barrel. On January 1, 1973, Tesoro began taking 100% of the State's Cook Inlet royalty oil. The 5% discovery royalty bonus is still in effect on two oil producing leases and this results in the State having an average net interest of 11.57% in the oil production from all State leases. Wellhead oil prices were escalated \$1.00 per barrel each year from 7/1/74 through 7/1/77, and \$.50 per barrel each year on 7/1/78 and 7/1/79. In addition, production tax predictions include the effect of increasing the Wholesale Price Index an additional 10% each year starting 7/1/75.

At present there are 181 active producing oil wells and they average 1,036 barrels per well per day. Reservoir energy is being replaced by the injection of 220,600 barrels of water and 238 million cubic feet of gas per day. Also, residue fractions from the crude oil topping plant on the North Slope are being reinjected at an average of about 4,160 barrels per day. Since there is little history on the performance of Alaskan fields under fluid injection operations, the estimates are subject to fluctuations, even within a lease.

The State issued an order for each oil pool in the Cook Inlet to the effect that gas flaring, except for amounts necessary for safety, must cease. All operators except one have complied by installing the necessary compression and pipeline facilities so that excess gas is now being sold, beneficially used for fuel, or reinjected into an oil reservoir. Dry gas from the Kenai Field has been displaced by previously flared, casinghead gas.

Actual history has indicated that oil and gas production taxes, payable at the end of the month, are not all received in the month due. Based on actual history it is estimated that 60% of the production tax will be collected in the month due and 40% will be carried over to the following month.

LICENSES AND PERMITS

Motor Vehicle - Titles/Registration

Average growth rate of motor vehicle registrations from 1967 through 1973 was approximately 9%. January through August, 1974, showed a 20% increase over the same period of 1973. A recent survey by a specialist from the California Motor Vehicle Division indicates by 1979 Alaska can expect to have registered 400,000 vehicles, an increase of 58% over the August 1974 number.

Title fee collections have been increasing at an average rate of approximately 10% per year. Impact of the pipeline has brought more vehicles into the State resulting in more title transactions; however, a decrease in net revenues has occurred due to a change in the commission paid the M/V agents throughout the State. Previously, a flat rate of 5% was paid but during FY 1974 this was increased to 7% on gross collections plus 85¢ for each title transaction.

INTERGOVERNMENTAL RECEIPTS

Mineral Rents and Royalties

Receipts consist of the State's share of revenues derived from oil, gas and coal leases of federal lands. The Native Claims bill affects the estimates as the State receives 90% of the federal royalty income after Native Claims payments are deducted.

STATE RESOURCE REVENUES

Ferry System

Revenue collections from the Ferry System are in accord with the published summer and winter rate schedules. An anticipated traffic increase of 4% plus a tariff increase averaging 11% accounts for the higher FY 1976 estimate.

Investment Earnings

Surplus balances in State funds are pooled and continuously invested into an investment account and various loan and mortgage programs. During FY 1974, there was a continuing rapid drawdown of funds from the investment account to meet planned budget expenses of the State. There was also a large movement of funds from the investment account into the rapidly growing mortgage and loan programs to help offset the impact of pipeline construction during a period of tight credit. Together, these required the continuous conversion of fixed investments into cash and effectively limited the term of any new investments. The needs of the State during this period were best served by a portfolio of securities which placed emphasis on highly marketable short term investments, as these provided substantially higher yields than other investment alternatives.

Earnings realized in FY 1974 provided a return of 6.58% on the average balance of invested funds. Realized investment earnings consist of the interest and dividend receipts plus or minus any capital gains or losses recorded during the year through investment transactions. It does not include the effect of market value changes in investments not sold. Invested funds in this context include all funds where interest is credited to the General Fund. The rate of return was nearly one-half percent higher than the preceding year due primarily to higher interest rates.

Rents

Revenues are derived from the leasing of the State general grant, Mental Health, North Slope and Tide and Submerged lands open for exploration, development and extraction of coal, oil and gas and other minerals. In general, rates are based on fair market value as determined by reappraisal of the land every five years.

Royalties

Mineral royalties, including oil and gas, are calculated on the basis of the lease terms plus the effect of several other factors such as production data, wellhead values, operating and transport costs, etc. Details of the complex computer analysis used to arrive at the revenue estimates may be obtained from the Department of Revenue.

Sale of State Property

Although land values are high, auctions of State land have been bringing more than appraised price. Revenues from this source are limited, however, by the number of parcels available for sale. The FY 1975 Revised Estimate is so noticeably higher due to the one-time sale of land at Valdez to be used as the pipeline terminal site.

Special Assessments (Bonus Sales)

Revenues are derived from the competitive leasing of State general grant, North Slope, and Mental Health lands. The bonus is paid for the right to lease for the exploration, development and extraction of oil and gas. No projection of income from this source is shown beyond FY 1975 as at the time of publication, policy determinations had not been formalized.

