THE STATE of ALASKA
GOVERNOR BILL WALKER

Department of Revenue
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January 26, 2016

The Honorable Pete Kelly and the Honorable Anna MacKinnon
Alaska State Senators
Co-chairs, Senate Finance Committee
State Capitol Rooms 516 and 514
Juneau, AK 99801

Dear Co-Chairs Kelly and MacKinnon:

The purpose of this letter is to provide you with responses to the questions asked by committee members of the Department of Revenue during our presentation to your committee on January 25, 2016. The questions are provided in italics and our responses immediately below the questions.

1. *What was the return on the Permanent Fund last year?*

Here is the total return on the Permanent Fund for each of the past 10 fiscal years (ending June 30 of the year given), as reported in the Alaska Permanent Fund Corporation Annual Report:

Fiscal Year	Total return
2015	4.9%
2014	15.5%
2013	10.9%
2012	–0.01%
2011	20.6%
2010	11.7%
2009	–18.0%
2008	–3.6%
2007	17.1%
2006	11.0%

1. *Please provide a version of the slide that shows oil revenue before and after credits, but going back 10 years instead of three.*

Please see the attached slide.

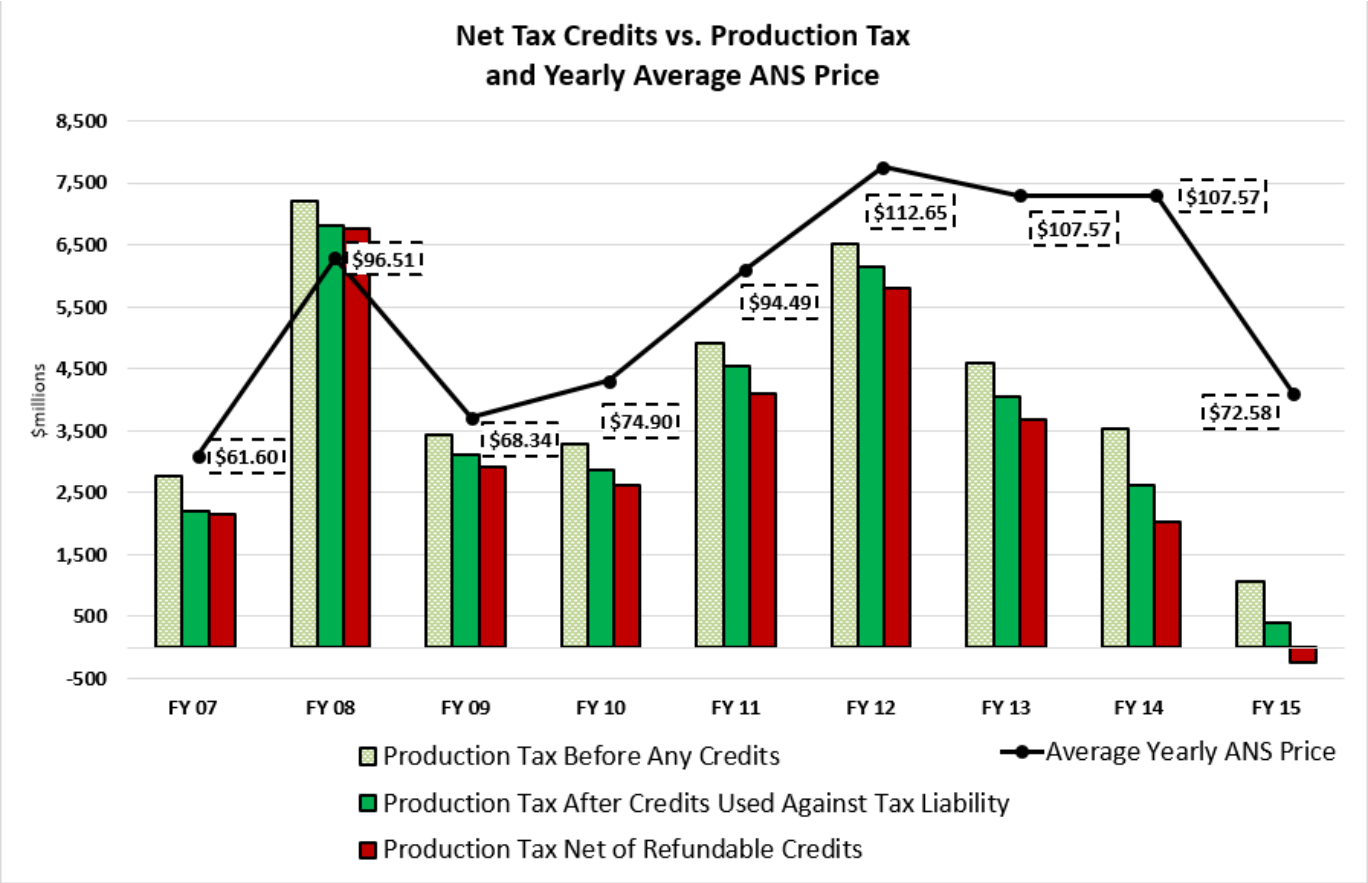
I hope you find this information to be useful. Please do not hesitate to contact me if you have further questions.

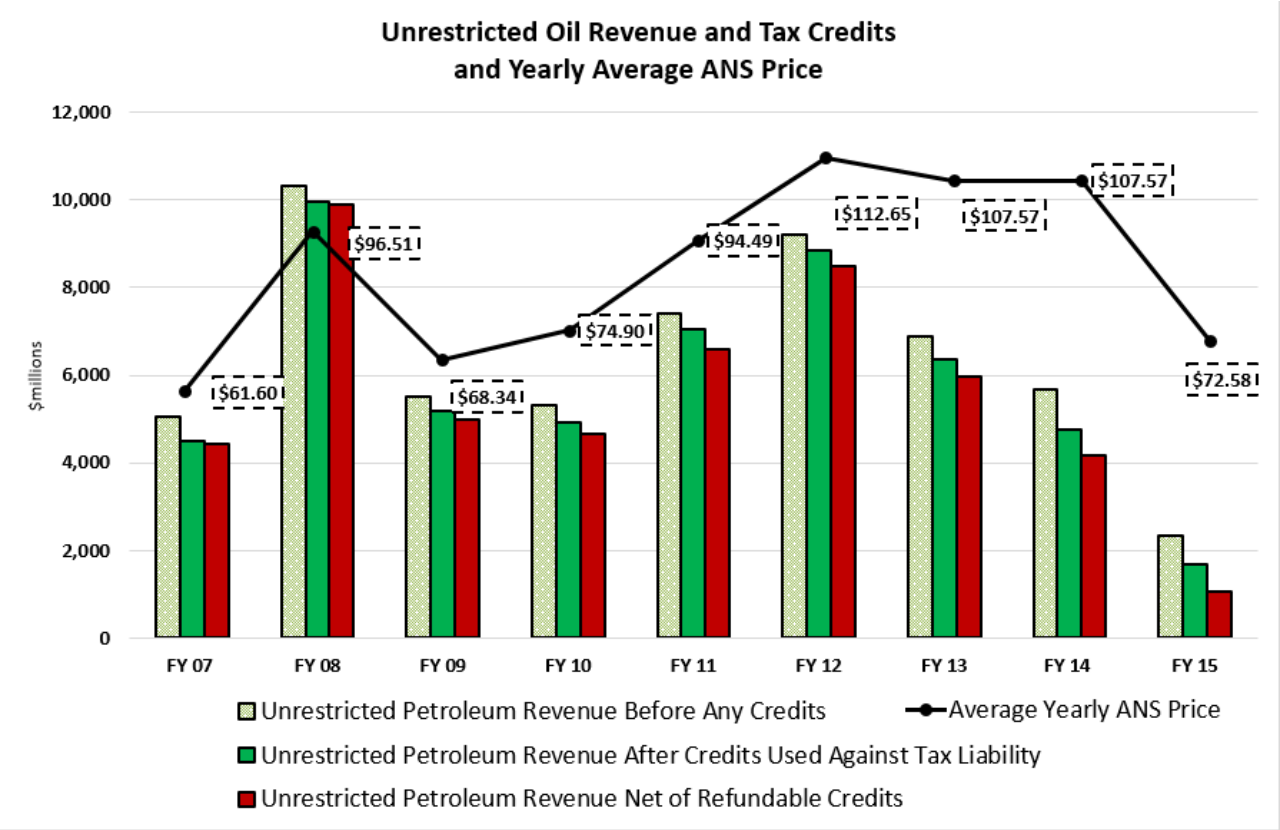
Sincerely,

Randall Hoffbeck
Commissioner

Attachments: Credits slide

Here are the two graphs in response to Senator McKinnon's request to see the unrestricted petroleum revenue/production tax and credits slides going back 10 years. The earliest year available for tax credit data is FY 2007, since it was the first year under a net tax regime that incorporated tax credits as a significant part of the fiscal system. Note, unrestricted petroleum revenue includes the petroleum property tax, petroleum CIT, production tax, oil and gas hazardous release, oil and gas conservations, rents, and royalties.




Unrestricted Oil Revenue and Tax Credits
and Yearly Average ANS Price
12,000
10,000
8,000
6,000
4,000
2,000
0
$millions
$61.60
$96.51
$68.34
$74.90
$94.49
$112.65
$107.57
$107.57
$72.58
FY 07
FY 08
FY 09
FY 10
FY 11
FY 12
FY 13
FY 14
FY 15
Unrestricted Petroleum Revenue Before Any Credits
Average Yearly ANS Price
Unrestricted Petroleum Revenue After Credits Used Against Tax Liability
Unrestricted Petroleum Revenue Net of Refundable Credits