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Press Release

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FY 2008 Revenues Expected to Rise from FY 2007 Record

Juneau – The Department of Revenue released its Fall 2007 *Revenue Sources Book* that contains its revenue forecast for FY 2008 and FY 2009. The complete document is posted on the web at <http://www.tax.alaska.gov/sourcesbook/index.asp>. The projections incorporate the new production tax signed into law in December 2007 by Governor Palin.

General Purpose Unrestricted Revenue is forecast to be \$6.6 billion in FY 2008 and \$5.0 billion in FY 2009. The FY 2008 value is about \$3.1 billion higher than projected in the spring of 2007 while the FY 2009 value is about \$1.6 billion higher than that forecast in the spring. The FY 2008 and FY 2009 estimates are higher due to two main factors: (1) the new oil and gas production tax; (2) higher projected crude oil prices [crude oil prices are more than 20% higher than projected in the spring forecast]. Crude oil production volumes are slightly lower than that forecast in the spring.

Revenue officials project crude oil prices on the West Coast at \$72.64 per barrel for FY 2008, reflecting about an 18% increase from the FY 2007 level of \$61.63 per barrel. The department projects ANS crude oil prices will decline to \$66.32 per barrel in FY 2009 and to \$63.40 per barrel in FY 2010. The State's long-term price forecast for FY 2015 and beyond is \$41.05 per barrel, increasing with inflation.

Officials project FY 2008 North Slope crude oil production will average about 731,000 barrels per day, down about 1.2% from the FY 2007 average of 740,000 barrels per day. More down-time is built into the current production forecast due to the age of the production facilities on the North Slope. It is projected that a new field – called Oooguruk – will begin production in late FY 2008. Overall North Slope Production is forecast to decline over the next decade to about 628,000 barrels per day in FY 2017.

Using the Department of Revenue's forecast, the state will receive General Purpose Unrestricted Revenues of about \$5.9 billion from crude oil production activities in FY 2008 and about \$4.4 billion in FY 2009. This includes revenues from royalties, production taxes, property taxes and corporate income taxes. The share of the State's General Purpose Unrestricted Revenues from oil is projected to be about 89% in FY 2008 and about 88% in FY 2009.
