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Press Release

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Spring 2015 Forecast Adjusts Revenue to Reflect Lower Oil Prices

Anchorage – Department of Revenue (DOR) Commissioner Randall Hoffbeck released the spring 2015 revenue forecast update today. This annual publication provides basic information about state revenue, as well as a forecast of state revenue over ten years. The spring 2015 revenue forecast will be available today, April 3, 2015, at 2pm on the Department's website, at www.tax.alaska.gov.

General fund unrestricted revenue (GFUR) for FY 2015 is now estimated to be $2.2 billion. This is about $400 million less than the $2.6 billion expected in the fall 2014 forecast. The FY 2016 GFUR is also expected to be $2.2 billion.

"The spring revenue forecast highlights the revenue uncertainties that are being created by the fall in oil prices and its impact on revenue over the next several years," according to Commissioner Hoffbeck.

Commissioner Hoffbeck went on to explain, "… ANS West Coast daily oil prices have persistently remained below $60 per barrel since the last forecast period and have dropped from above $110 per barrel in July 2014. We anticipate continued price volatility going forward and recognize the uncertainty that entails, but are forecasting basically the same average price for the next two years - $67.49 for FY 2015 and $66.03 for FY 2016. Additionally, we have reduced oil prices for the next nine years, relative to the last forecast period, although we believe the price will be back over $80 by FY 2017."

"Production is expected to be at least 500,000 barrels per day the next two fiscal years," added Commissioner Hoffbeck. "Taking price, production, and the minimum tax rate into consideration, combined with royalty revenue, the State receives total petroleum revenues of over $1.6 billion per year. In addition, we expect about another half billion in non-petroleum taxes and fees."

Oil revenue continues to dominate the state's unrestricted general fund revenue. However, it will only represent 75% of all unrestricted revenue this fiscal year, down from approximately 88% in FY 2014. Commissioner Hoffbeck concluded, "Investment revenue continues to grow in significance and is likely to produce more than twice the revenue of petroleum going forward. However, most investment revenue is not customarily available for expenditure."

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