

Title: PRELIMINARY Spring 2016 Forecast Production Tax Credits Detail, FY 2007 to FY 2025

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Purpose: Provide detailed data on refunded production tax credits and production tax credits against liability historically from FY 07 to FY 15, and forecasted from FY 16 to FY 25; broken out by North Slope and Non-North Slope.

Date: 3/29/2016

Data Source: PRELIMINARY Spring 2016 revenue forecast and supporting data/models.

Key Assumptions: All assumptions are as of the PRELIMINARY Spring 2016 revenue forecast. Also see notes and comments embedded in the spreadsheet. The final Spring 2016 Revenue Sources Book will be released in early April.

History: First version that provides a summary of historical and forecasted refunded credits broken out by credit type and geographic region for FY 2007 through FY 2025.

Disclaimer: The Department of Revenue is in the process of reviewing and updating the data on which this analysis is based. As a result, future analysis could have different results.

Table 8-4: Detail on Historical Production Tax Credits and Forecast per PRELIMINARY Spring 2016 Forecast

(\$millions)	Historical								Preliminary FY 15 ¹	Forecast ²									
	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14		FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25
Refunded Credits³																			
North Slope																			
Qualified capital expenditure, AS 43.55.023(a); Carry-forward annual loss, AS 43.55.023(b)	55	*	173	223	399	267	*	*	203	*	340	252	180	145	110	111	142	139	137
Credits under AS 43.55.025 ⁴	0	*	14	23	12	53	*	*	21	*	67	35	0	0	0	0	0	0	0
Total North Slope	55	53	187	246	411	320	261	281	224	214	407	287	180	145	110	111	142	139	137
Non-North Slope																			
Qualified capital expenditure, AS 43.55.023(a); Carry-forward annual loss, AS 43.55.023(b); Well lease expenditure, AS 43.55.023(l)	0	*	*	*	*	29	*	*	384	*	368	111	79	75	114	122	103	108	113
Credits under AS 43.55.025 ⁴	0	*	*	*	*	4	*	*	21	*	29	24	5	5	5	5	5	3	0
Credits under AS 43.20 ⁵	0	*	*	*	*	0	*	15	0	0	18	28	20	20	20	10	0	0	0
Total Non-North Slope	0	1	7	4	39	33	108	312	404	286	414	162	104	100	139	137	108	111	113
Total Refunded Credits	55	54	193	250	450	353	369	592	628	500	825	450	285	250	250	250	250	250	250
Credits Used Against Tax Liability^{6,7}																			
North Slope																			
Qualified capital expenditure, AS 43.55.023(a); Carry-forward annual loss, AS 43.55.023(b)	292	219	279	339	313	306	486	332	0	23	95	152	166	175	187	133	77	72	1
Transitional investment expenditure: AS 43.55.023(l) ⁸	171	73	0	0	0	*	*	*	595	28	16	24	55	97	105	90	76	64	52
Per taxable barrel credit, AS 43.55.024(i)-(j) ⁹	*	*	*	*	*	*	*	*	*	23	27	14	14	19	17	13	5	4	3
Small producer credit, AS 43.55.024(a)(c)	*	*	*	*	*	*	*	*	*	0	0	0	0	0	0	0	0	0	0
Total North Slope	541	368	328	402	345	347	536	907	655	74	138	190	235	291	309	236	158	140	56
Non-North Slope																			
Qualified capital expenditure, AS 43.55.023(a); Carry-forward annual loss, AS 43.55.023(b); Well lease expenditure, AS 43.55.023(l)	*	*	0	*	11	*	*	*	*	7	11	11	11	11	11	34	34	34	33
Small producer credit, AS 43.55.024(a)(c)	*	*	6	*	6	*	*	*	*	0	0	3	5	5	5	12	12	12	6
Total Non-North Slope	16	10	6	10	17	16	14	12	9	7	11	14	16	16	16	46	46	46	39
Total Credits Used Against Tax Liability	557¹⁰	378	334	412	361	363	550	919	664	80	150	205	250	305	325	280	205	185	95
Total Credits North Slope	596	421	*	647	756	667	797	1188	879	288	545	476	415	437	419	347	300	280	193
Total Credits Non-North Slope	16	11	*	14	56	49	122	323	413	293	426	177	120	116	155	183	154	156	152
Total Statewide Production Tax Credits	\$612	\$432	\$526	\$662	\$811	\$716	\$918	\$1,511	\$1,292	\$580	\$975	\$655	\$535	\$555	\$575	\$530	\$455	\$435	\$345
Carried-Forward Credits Balance for Companies Not Eligible for Refund ¹¹	0	0	0	0	0	0	0	0	0	385	632	766	747	600	284	151	74	1	0

Source: PRELIMINARY Spring 2016 Revenue Sources Book Backup

* An asterisk indicates that the data is restricted to protect confidentiality.

¹ These numbers are preliminary pending Annual Returns.

² Forecasted total refunded credits are rounded to the nearest \$5 million and forecasted credits against liability are also rounded to the nearest \$5 million.

³ Forecasted refunded credits in the near-term are based on known projects and company activities. For FY 2020 and beyond, the forecast of credits available for refund is held constant at \$250 million per year.

⁴ Credits under AS 43.55.025 include the Alternative Credit for Exploration, the Frontier Basin Credit, and for Cook Inlet only the Cook Inlet Jack-up Rig Credit.

⁵ Credits under AS 43.20 include the Gas Exploration and Development Credit, Gas Storage Facility Credit, the In-State Gas Refinery Credit, and the LNG Storage Facility Credit.

⁶ The Education Credit, AS 43.55.019, though not reported in its own credit category in the summary was less than \$1 million in each year reported and is calculated in the total.

⁷ For historical credits against tax liability, geographic location was determined by attributing all .023(l) credits to Non-North Slope, all .025 Credits to North Slope, and the other credits were placed according to where the company primarily operated. Since multiple companies had operations in multiple areas, these numbers should be treated as rough estimates.

⁸ The Transitional Investment Expenditure Credit sunset on Dec 31, 2013.

⁹ For FY 2014, the Per Taxable Barrel Credit was in effect for only the last six months of the fiscal year. Credits applied against liability in the forecast are limited by a company's tax liability including the minimum tax.

¹⁰ Three months of 2006 credits data are included in the FY 2007 credits used against tax liability number.

¹¹ This row includes estimates of carried-forward credits for previous calendar years for companies with over 50,000 BOE of production, plus an estimate of credits that will be earned on activity through June 30 of the fiscal year. Carried-forward credits are primarily for net operating losses under AS 43.55.023(b).