The Role of the Oil and Gas Industry in Alaska’s Economy

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Alaska Oil and Gas Association (AOGA)

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WHAT WE DID

• Assessed statewide & local impacts of **private** sector spending in:

• Assessed state impact of **public** sector payments
WHAT WE DID

- Tracked direct spending by 16 “Primary Companies”

- Measured direct, indirect, and induced jobs and wages
WHAT WE ALSO DID

• Tracked tax and royalty payments, and employment and wage impacts:
  • State agency (Operating Budget)
  • State programs
  • State capital projects
  • Permanent Fund Dividend
  • Local government operations
HOW DOES THE MONEY FLOW THROUGH ALASKA’S ECONOMY?

Oil and Gas Production Companies, Pipelines, & Refineries
(16 Primary Companies)

SPENDING
with Alaska businesses

WAGES
paid to Alaskan workers

TAXES and ROYALTIES
STATE and LOCAL government spending

INDIRECT employment & wages

INDUCED employment & wages

Capital Projects, Gov’t Programs

Public Sector Wages
KEY STATEWIDE FINDINGS
• Employed **5,335** workers in Alaska
  • **4,700** Alaska residents (88%)
  • **$780 million** in wages to Alaska residents

• Spent **$5 Billion** with Alaska vendors

• Paid **$7 Billion** in taxes & royalties in Alaska
TOTAL IMPACTS

- **111,500** total jobs — 33% of all wage and salary jobs in Alaska

- **$6.4 Billion** in wages — 38% of all Alaska wages
IN OTHER WORDS...

For each “Primary Company” job, private sector spending and public sector payments generate 20 additional jobs in Alaska
KEY REGIONAL IMPACTS
INDUSTRY JOBS & WAGES IN ANCHORAGE INCLUDE...

• HQ for all producers, service and supply center, and resident North Slope and Cook Inlet workers

• 5,100 Anchorage resident O&G workers earning $700 M in wages

• TOTAL impact – 31,000 jobs & $2 B in wages
  • 18% of total private sector employment & 22% of total private sector wages
IN MAT-SU BOROUGH

• Commuters to Anchorage, North Slope & Cook Inlet

• 2,700 Mat-Su resident O&G workers earning $250 M in wages

• TOTAL impact – 4,000 jobs & $310 M in wages
  • 10% of all Mat-Su resident jobs & wages
IN KENAI PENINSULA BOROUGH

• O&G production in Cook Inlet & refinery jobs
• 3,200 KPB resident O&G workers earning $315 M in wages
• TOTAL impacts – 6,000 jobs & $430 M in wages
  • 23% of all jobs & 26% of all wages in KPB
  • 14% ($8 million) of all KPB property tax revenue
  • 8 of the top 10 KPB property tax payers are O&G companies
• Also, property tax payments to City of Kenai
IN FAIRBANKS NORTH STAR BOROUGH

• Refinery operations, TAPS, support services, and resident North Slope workers

• 1,225 FNSB resident O&G workers earning $120 M in wages

• **TOTAL impact** – 3,500 jobs & $235 M in wages
  - 15% of *private sector* jobs & wages in FNSB

• 8% ($9 million) of all FNSB property tax revenue
  - #1 Alyeska and #4 Flint Hills Refinery

• Also, property tax payments to City of Fairbanks
IN VALDEZ

• TAPS-related and refinery jobs
• 455 Valdez resident O&G workers earning $49 M in wages
• TOTAL impacts – 700 jobs & $65 million in wages
  • 20% of private sector jobs & 37% of private sector wages in Valdez-Cordova CA
• $35 M in property taxes, representing 90% of all City of Valdez tax revenues
IN NORTH SLOPE BOROUGH

• Few resident jobs with Primary Company or O&G support service companies; yet, economic impact from local government payments is significant
• 85 NSB resident O&G workers earning $3 M in wages
• TOTAL impact – 2,000 workers & $115 M in wages
• $348 M paid in property taxes, representing 99% of total Borough tax revenues
NONRESIDENT EMPLOYMENT IS PART OF ALASKA’S ECONOMY... (DOLWD 2012)

- State Government: 7%
- Refineries and Pipelines: 7%
- Health Care and Social Assistance: 10%
- All Sectors (Private and Public): 20%
- Prof., Scientific, and Technical Services: 23%
- All Private Sectors: 24%
- Oil and Gas Drillers: 27%
- Combined Oil and Gas Industry*: 30%
- Oilfield Support Services: 34%
- Accommodations: 42%
- Scenic and Sightseeing Transportation: 52%
- Seafood Processing: 74%
TAXES AND ROYALTIES (FY2013)

• $7 B in Oil-related Revenue to the State
  • 47% of all state revenue
  • 92% of all unrestricted revenue
  • Virtually all of Permanent Fund new principal ($856 million)
  • 100% of the Constitutional Budget Reserve Fund new principal ($177 million)

• $400 M in local property tax revenue
• 60,000 total jobs and $3 Billion in wages
• State agency operations — 19,500 jobs
• State programs — 22,200 jobs
• State capital projects — 12,000 jobs
• PFD spending — 3,300 jobs
• Local government ops and projects — 3,500
IN SUMMARY

• Measured 111,500 O&G industry-related jobs and $6.4 Billion in wages in 2013

• 33% of all wage & salary jobs and 38% of all wages in Alaska attributed to the O&G industry

• 24% of all jobs and 28% of all earnings in Alaska
WANT TO LEARN MORE?

Download our study:
www.aoga.org