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

Prepared for: Alaska Oil and Gas Association (AOGA)

Prepared by: McDowell Group, Inc. Juneau · Anchorage

AOGA Annual Meeting
May 29, 2014
McDowell Group’s assignment...

- Assess the statewide and local impact of oil and gas industry spending.
  - Municipality of Anchorage
  - Fairbanks North Star Borough
  - Kenai Peninsula Borough
  - Mat-Su Borough
  - North Slope Borough
  - City of Valdez

- Assess statewide employment impact of taxes and royalties paid by the oil and gas industry
What we did...

- Tracked direct spending by the 16 “Primary Companies”

- Measured direct, indirect and induced jobs and wages
Tracked tax and royalty payments made by the oil and gas industry, and employment and wage impacts:

- State agency (Operating Budget)
- State programs
- Capital projects
- Permanent Fund Dividend
- Local government operations
Oil and gas production companies, pipelines, and refineries
(16 "Primary Companies")

Spending with Alaska businesses
  indirect employment & wages

Wages paid to Alaskan workers
  induced employment & wages

Taxes and royalties
  state government spending
    wages, capital projects, programs
  local government spending
    wages, capital projects, programs

Indirect employment & wages

Induced employment & wages

Wages paid to Alaskan workers

Taxes and royalties

State government spending
  wages, capital projects, programs

Local government spending
  wages, capital projects, programs
Key Statewide Findings

- **Direct Impacts of Primary Companies (in 2013):**
  - Employed 5,335 workers in Alaska, including:
    - 4,700 Alaska residents, $780 million in wages
  - Spent $5 billion with Alaska vendors
  - Paid $7 billion in taxes and royalties in Alaska
“Primary Company” private sector spending and public sector payments accounted for:

- **111,500** total jobs, representing **33%** of all wage and salary jobs in Alaska
- **$6.43 billion** in wages created, representing **38%** of all Alaska wages
For each “Primary Company” job, 20 jobs are generated in Alaska.
Local Employment & Wages

**Anchorage**
- 31,000 jobs and $2.1 billion in wages
- 15% of employment and 18% of wages in Anchorage

**Fairbanks North Star Borough**
- 3,500 jobs and $235 million in wages
- 1 in 7 FNSB *private sector* jobs
- 9% ($10 million) of all FNSB property tax receipts
Local Employment & Wages

**Kenai Peninsula Borough**
- 6,000 jobs and $430 million in wages
- One quarter of all employment and wages in KPB
- 13.7% ($8 million) of all KPB property tax receipts

**Mat-Su Borough**
- 4,000 oil and gas industry jobs held by Mat-Su residents, $310 million in wages
- 10% of total Mat-Su resident employment and wages
Local Employment & Wages

**North Slope Borough**
- 2,000 jobs and $115 million in wages for NSB residents
- 99% ($348 million) of all NSB property tax revenue

**Valdez**
- 700 jobs and $65 million in wages
- 88% ($35 million) of all Valdez property tax revenue
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%
Impacts on State Government

- FY 2013 oil and gas revenue ($7.4 billion) represented:
  - 47% of all state revenue
  - 92% of all unrestricted revenue
  - Virtually all of Permanent Fund new principal ($856 M)
  - 100% of the Constitutional Budget Reserve Fund new principal ($177 million)
This study measured 111,500 oil and gas industry-related jobs and $6.4 billion in wages in 2013.

33% of all wage and salary jobs and 38% of all wages in Alaska can be attributed to the oil and gas industry.

24% of all jobs and 28% of all earnings in Alaska.
Want to know more?

Download our study at:

www:aoga.org