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Press Release

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Fiscal Year 2014 Revenue Higher Than Forecasted

Anchorage – Department of Revenue Commissioner Angela Rodell today released the spring 2014 revenue forecast update which shows a \$374 million (7.6%) increase from the previous forecast in General Fund Unrestricted Revenue for fiscal year (FY) 2014. The ten-year forecast, starting with FY 2016, shows a modest increase in revenue, while FY 2015 shows a very slight decrease of -0.2% (-\$9 million) from the previous forecast.

“Based on actual production data, we have seen an increase of 13,600 barrels per day of North Slope oil production in FY 2014 compared to what we had forecast just five months ago,” Commissioner Rodell said.

The Department of Revenue is now forecasting unrestricted revenue of \$5.3 billion for FY 2014 and \$4.5 billion for FY 2015.

“There are some slight short-term revisions in our production projection that relate to changes to summer 2014 maintenance plans and account for increased drilling activity,” Commissioner Rodell added. “I would like to note that, in both FY 2014 and FY 2015, unrestricted revenue from oil production is higher than the fall 2013 forecast and importantly, the slight reduction in the forecast of unrestricted revenue in FY 2015 is due to reductions in expected investment earnings.”

Our production forecast follows a consistent and prudent methodology, and while we have incorporated some increase in production, as well as a significant increase in capital investment into our fall 2013 forecast, please note that the spring 2014 forecast is simply an update of the previous fall 2013 forecast. The coming fall 2014 forecast will be the first forecast under the new tax system, and the first budget cycle companies can evaluate projects with tax certainty. I expect to see many questions answered between now and then, hopefully resulting in high enough levels of certainty to begin incorporating new production into our revenue forecast.

“In order to maintain stable or increasing unrestricted state revenue in the future, we will need to see higher oil prices and/or stable or increased production. I remain firm in my belief that with the More Alaska Production Act, we have a tax regime that can address the one factor we can influence – increasing production.”

The spring 2014 revenue forecast is an update of the Fall 2013 *Revenue Sources Book*, released December 4, 2013, and provides basic information about state revenue, as well as the anticipated revenue over the next ten years. The spring 2014 update is available to download on the department's website at tax.alaska.gov.
