

**Scott Goldsmith, "Alaska's Oil Production Tax: Comparing the Old and the New,"**  
 (Web Note No. 17 – May 2014, page 3)

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Descriptions of the mechanics of the production tax are often done on a per barrel basis. For example the following table showing the steps in calculating the tax is derived from a Department of Revenue production tax estimate for FY 2013.

<b>FY 2013 PRODUCTION TAX ESTIMATE</b>		
1	MARKET PRICE	\$ 107.57
2	MINUS: TRANSPORT COST	(\$ 9.76)
3	MINUS: ROYALTY SHARE OF VALUE PER BARREL AT WELLHEAD	(\$ 15.21)
4	MINUS: LEASE COST	(\$ 25.38)
5=1-2-3-4	EQUALS: PRODUCTION TAX VALUE (PTV) PER BARREL	\$ 57.22
6	ACES TAX RATE	40.1%
7 = 5*6	NOMINAL TAX PER BARREL	\$22.95
8	MINUS: CREDITS	(\$ 2.22)
9=7-8	EQUALS: EFFECTIVE TAX	\$20.73
10=9/5	EFFECTIVE TAX RATE	36.2%
11	ANNUAL PRODUCTION (000)	194,034
12=9*11	<b>TAX LIABILITY (BILLION \$)</b>	<b>\$ 4.022</b>
Note: Lease cost is the average across total annual production. Annual production includes royalty barrels.		
Source: Derived from Alaska Department of Revenue, Revenue Sources Book, Fall 2013, table E-1a. Page 104.		