

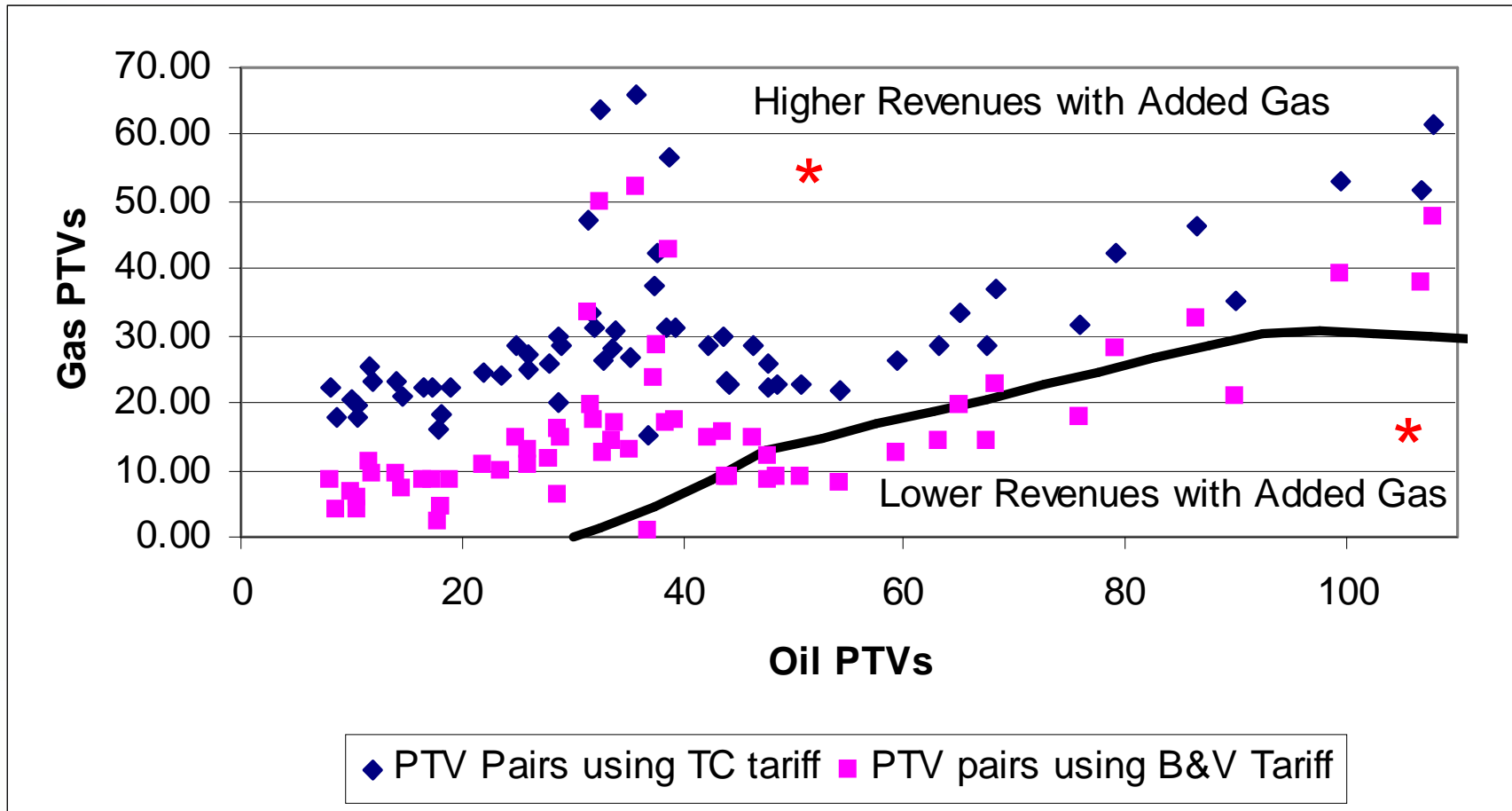
# Follow Up to December 2008 Questions

Dan E. Dickinson CPA

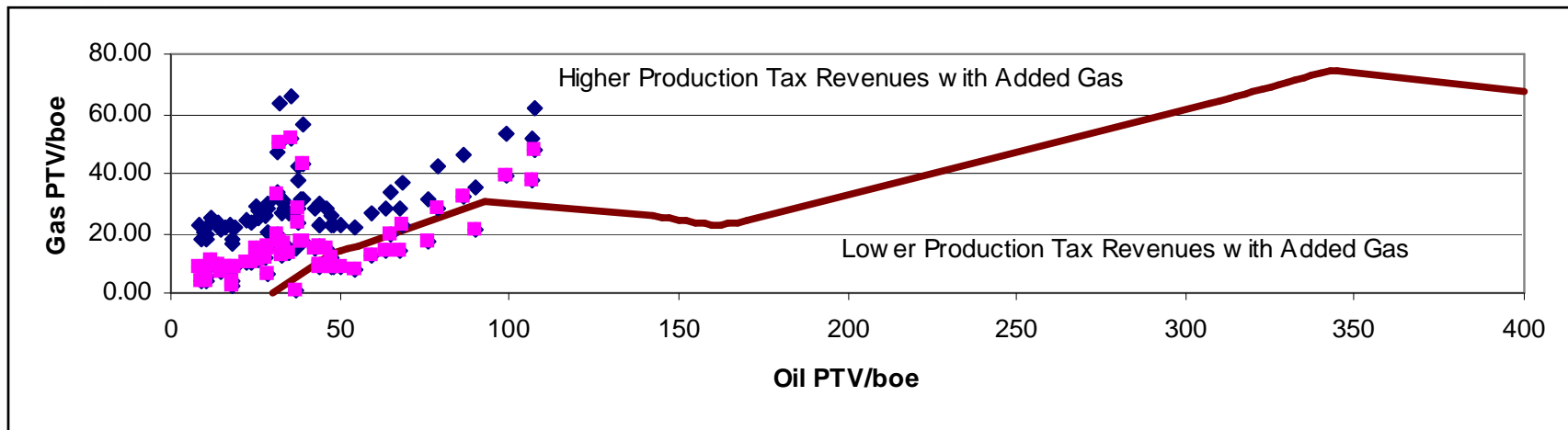
Legislative Budget and Audit Committee  
Alaska State Legislature

Jan. 12, 2009

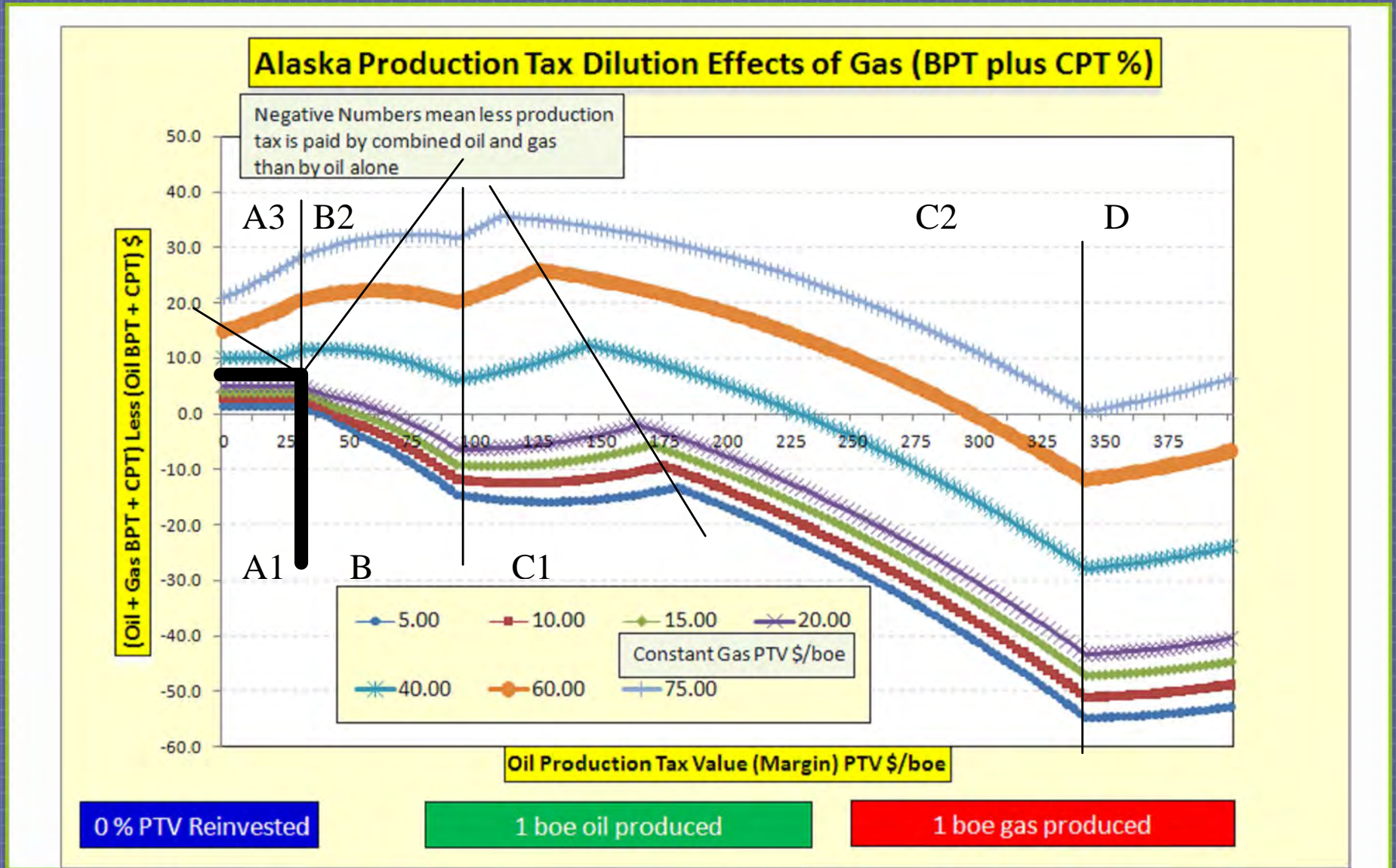
# Oil and Gas PTVs 2004 - 2008



# Oil and Gas PTVs 2004 - 2008



# Dr. Wood's Illustration Divided into Zones



1.12.2009

## Explanation of Dr. Wood's Zones

- A1 – Heavy black line – both oil and gas PTV>30 – no progressivity
- Vertical Lines, @ oil PTV of
  - \$30 = progressivity begins at .4% per dollar
  - \$92.5 = progressivity flattens out to .1% per dollar
  - \$342.5 = progressivity capped at 50%
- Dotted, negative slope lines – where Oil and Gas PTV (assume equal boe volumes) sum to \$30, \$92.5 (see next slide)
- Starred, positive slope line – where Oil PTV=Gas PTV cusp

# Calculation of “dotted line” intercepts

Gas PTV/ boe	Gas PTV/ boe	Gas boe	Gas PTV	Target combined PTV	Target oil PTV	Oil boe	Oil PTV/ boe
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*First transition to some progressivity (where PTV of 60,000/2000 boe=30)*

A1	A	B	C=A*B	D	E=D-C	F	G= E/F
6.7	40	1,000	40,000	60,000	20,000	1,000	20
3.3	20	1,000	20,000	60,000	40,000	1,000	40
2.5	15	1,000	15,000	60,000	45,000	1,000	45
1.7	10	1,000	10,000	60,000	50,000	1,000	50
0.8	5	1,000	5,000	60,000	55,000	1,000	55

*Transition to first point where some progressivity is taxed at lower rate of .1% instead of .4% (where PTV of 185,000/2000 boe=92.5)*

12.5	75	1,000	75,000	185,000	110,000	1,000	110
10.0	60	1,000	60,000	185,000	125,000	1,000	125
6.7	40	1,000	40,000	185,000	145,000	1,000	145
3.3	20	1,000	20,000	185,000	165,000	1,000	165
2.5	15	1,000	15,000	185,000	170,000	1,000	170
1.7	10	1,000	10,000	185,000	175,000	1,000	175
0.8	5	1,000	5,000	185,000	180,000	1,000	180

## **NOT ON DAVID'S TABLE - way off to the right**

*Transition end of progressivity (where PTV of 685,000/2000 boe=342.5)*

12.5	75	1,000	75,000	685,000	610,000	1,000	610
10.0	60	1,000	60,000	685,000	625,000	1,000	625
6.7	40	1,000	40,000	685,000	645,000	1,000	645
3.3	20	1,000	20,000	685,000	665,000	1,000	665
2.5	15	1,000	15,000	685,000	670,000	1,000	670
1.7	10	1,000	10,000	685,000	675,000	1,000	675
0.8	5	1,000	5,000	685,000	680,000	1,000	680