

Methods Documentation: Alaska

Appendix of Working Paper 24-01 by **Daniel Raimi, Elena Davert, Haley Neuenfeldt, Amy Van Zanen, and Zach Whitlock**

1. Table of Contents

This document details our methods for collecting and estimating amounts from those taxes, royalties, fees and payments that are **distributed to the local level** in Alaska.

State Collections

Electric cooperative tax collected by the Alaska Department of Revenue

Local Collections

Property Taxes paid by oil and gas extraction, processing, and pipeline companies.

2. Electric Cooperative Tax

2.1. Policy

Alaska levies an electric cooperative tax on kilowatt hours furnished by qualified electric cooperatives recognized under Alaska Statutes 10.25. Cooperatives pay the electric cooperative tax in lieu of corporate net income and excise taxes. The Department of Revenue collects and distributes revenue. 100% of the revenue is shared to organized boroughs or cities proportionally, where the revenue was earned.

2.2. Data Inputs

| Unique ID | Source | Data Name, Shorthand | Description |
|-----------|--|-------------------------------------|---|
| AK_1 | Alaska Department of Revenue | Shared Taxes and Fees Annual Report | Annual Reports summarize shared tax and fee programs administered by the Department of Revenue and reports current and historical amounts shared to the municipalities in Alaska. |
| Fed_4 | U.S. Energy Information Administration | Form EIA-860 | Form 860m data summarizes utilities, power plants, generators, and fuel type, as well as wind and solar facilities, all by county. |

2.3. Calculations and Assumptions

1) Collect Revenue Distribution Data from Department of Revenue

Using the Shared Taxes and Fees Annual Reports, we consolidated data for all municipalities and boroughs that have received revenue from the electric cooperative tax since 2012.

2) Estimate Proportions of Electricity generation in each borough

Next, we used federal EIA-860 data to calculate proportions of electricity generation within each borough, based on nameplate capacity.

3) Disaggregate Revenue by Energy Type

Finally, we multiplied the actual revenue received by each municipality by the generation ratios calculated in step 2 in order to estimate how much revenue can be attributed to each type of electricity generation.

2.4. Output

Revenue from the Electric Cooperative Tax, disaggregated by municipality, year, and electricity generation type.

3. Property Tax

3.1. Policy

The State of Alaska allows municipalities to levy taxes on oil and gas properties within their jurisdictions. However, only fourteen of the eighteen boroughs, and eleven cities levy property taxes; smaller municipalities tend to favor sales taxes because they lack a sufficient tax base to support the property tax. Of our three boroughs of interest, Kenai Peninsula and North Slope levy a local property tax (AK_7). While Denali does levy a local severance tax, in reviewing the borough's annual financial reports, we determined the revenue to be *de minimis* (AK_6).

3.2. Data Inputs

| Unique ID | Source | Data Name, Shorthand | Description |
|-----------|--|---|---|
| AK_2 | Department of Commerce, Community, and Economic Development - Division of Community and Regional Affairs | Local Oil & Gas Property Tax Revenue | From 2012-2015, the DCRA published "Local Oil & Gas Property Tax Revenue" dataset. |
| AK_3 | Department of Commerce, Community, and Economic Development - Division of Community and Regional Affairs | Supplemental Oil and Gas Property Tax Revenue | Oil and Gas Property Tax Revenue for municipalities in our Boroughs of interest for years 2016-2021. |
| AK_4 | Kenai Peninsula Finance Department | Annual Comprehensive Financial Reports | Property Tax Section of the Comprehensive Financial Reports include a summary of Total Assessed Property Values and Principle Property Taxpayers for each year. |
| AK_5 | North Slope Administration and Finance Department | Financial and Budget Reports | Property Tax Section of the Comprehensive Financial Reports include a summary of Total Assessed Property Values and Principle Property Taxpayers for each year. |
| AK_6 | Denali Finance Department | Annual Financial Reports | Annual Reports include local Severance tax, which was determined to be <i>de minimis</i> . |

3.3. Calculations and Assumptions

1) Compile total Oil and Gas Property Tax Revenue

First, we began by compiling oil and gas property tax revenue from the State's Division of Community and Local Affairs (DCRA). For years 2012-2015, we collected DCRA's Local Oil and Gas Property Tax Revenue reports. This publication was discontinued in 2015, so we contacted DCRA and they provided a summary of revenue for our boroughs of interest.

We ultimately did not use this data for our final property tax estimates because we were unable to obtain a clear definition of what was included in "oil and gas property" and were thus unable to disaggregate it in a meaningful way. However, the data from 2012-2015 was helpful for establishing how little oil and gas property tax revenue is collected by cities within our boroughs of interest. With this information, we determined city-levied oil and gas property tax to be *de minimis*, and attributed all other revenue data to boroughs alone.

2) Compile Data from Highest Taxpayers

Our alternative method for estimating property tax from oil and gas revenues was to examine the top taxpayers summarized in the comprehensive financial reports from the Kenai Peninsula and North Slope Boroughs. Both sets of financial reports provide summaries of “Top Taxpayers” or “Principle Taxpayers”, which include pipelines, refineries, and drilling/exploration companies.

3) Identify energy-related Taxpayers and identify energy types and phases

Next, we used pivot tables to create lists of all the unique top taxpayers in both boroughs between 2012 and 2021. We then reviewed the lists to determine which taxpayers were energy entities, which records could be consolidated (because of company acquisitions or duplicates), and which energy types and phases were most appropriate.

Using the information from our crosswalk, we standardized the taxpayer names for both boroughs.

4) Estimate the tax collected from each taxpayer in Kenai Peninsula Borough

While North Slope Borough financial reports reported the total taxes levied on top taxpayers, the Kenai Peninsula financial reports only included their assessed value for the year. We used the total assessed value and total annual tax collections for each year to calculate the percent of assessed value and estimated tax collections for each of the top taxpayers.

5) Assign final energy types and phases

We then used the information from our crosswalk to populate the energy types and phases for each taxpayer.

6) Consolidate tax revenue from individual taxpayers

Finally, we used pivot tables to consolidate records from individual taxpayers into unique records for each year, energy type, and energy phase.

3.4. Output

Oil and gas property tax data based on top taxpayers in the Kenai Peninsula and North Slope boroughs.

Sources

| Unique ID | Source | Data Name | Description | Accessibility | Type | Years | Original Source link |
|-----------|--|---|--|---------------|------------------------------|-----------|---|
| AK_1 | Alaska Department of Revenue | Shared Taxes and Fees Annual Report | Annual Reports summarize shared tax and fee programs administered by the Department of Revenue and reports current an historical amounts shared to the municipalities in Alaska. | Public | Electric Cooperative Tax | 2012-2021 | https://tax.alaska.gov/programs/sourcebook/index.aspx |
| AK_2 | Department of Commerce, Community, and Economic Development - Division of Community and Regional Affairs | Local Oil & Gas Property Tax Revenue | From 2012 - 2015, DCRA published "Local Oil & Gas Property Tax Revenue" dataset. It was discontinued after 2015. | Public | Property Tax | 2012-2015 | https://www.commerce.alaska.gov/dcra/admin/Taxable |
| AK_3 | Department of Commerce, Community, and Economic Development - Division of Community and Regional Affairs | Supplemental Oil and Gas Property Tax Revenue | After reaching out to DCRA, they provided us with a very high-level summary of Oil and Gas Property Tax Revenue for our Boroughs of interest. | Direct Sent | Property Tax | 2016-2021 | https://www.commerce.alaska.gov/web/ |
| AK_4 | Kenai Peninsula Finance Department | Annual Comprehensive Financial Reports | Property Tax Section of the Comprehensive Financial Reports include a summary of Total Assessed Property Values and Principle Property Taxpayers for each year. | Public | Property Tax | 2012-2021 | https://www.kpb.us/finance-dept/about-finance |
| AK_5 | North Slope Administration and Finance Department | Financial and Budget Reports | Property Tax Section of the Comprehensive Financial Reports include a summary of Total Assessed Property Values and Principle Property Taxpayers for each year. | Public | Property Tax | 2015-2021 | https://www.north-slope.org/departments/administration-finance/ |
| AK_6 | Denali Finance Department | Annual Financial Reports | Annual Reports include local Severance tax, which was determined to be de minimis. | Public | Local Severance - de minimis | 2017-2021 | https://denaliborough.govoffice.com/finance?&pri=0 |

| Unique ID | Source | Data Name | Description | Accessibility | Type | Years | Original Source link |
|-----------|--|--|---|---------------|--------------------|-------|---|
| AK_7 | Department of Commerce, Community, and Economic Development - Division of Community and Regional Affairs | Local Government Resource Desk - Taxation & Assessment | Summary of Property tax policy and trends in the State of Alaska. | Public | Policy Information | na | https://www.commerce.alaska.gov/web/dcra/LocalGovernmentResourceDesk/TaxationAssessment/PropertyTax.aspx |
| AK_8 | Alaska Department of Revenue - Tax Division | Revenue Resources Book | Summary of all tax revenue policies in the State of Alaska. | Public | Policy Information | na | https://www.tax.alaska.gov/programs/sourcebook/index.aspx |
| AK_9 | Department of Commerce, Community, and Economic Development - Division of Community and Regional Affairs | Alaska Taxable Reports | Summary of municipal taxation rates and policies, as well as assessment ("Full Value Determination"). | Public | Policy Information | na | https://www.commerce.alaska.gov/web/dcra/OfficeoftheStateAssessor/AlaskaTaxable-New.aspx |
| AK_10 | Alaska Department of Revenue - Tax Division | Annual Reports | Summary of tax policies and annual revenue. | Public | Policy Information | na | http://tax.alaska.gov/programs/sourcebook/index.aspx |

