

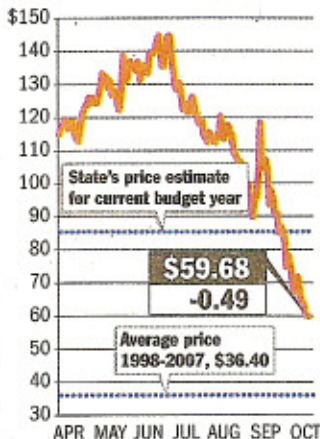
# Half of state royalties now to go into Permanent Fund

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## Alaska oil

Tuesday's closing price per barrel on West Coast open markets



Starting this month, 50 percent of the royalties generated from state mineral leases issued after Dec. 1, 1979, will be placed in the Permanent Fund. That's an increase from the 25 percent that has been transferred since 2003.

The increase is due to the automatic repeal of a 2003 law that temporarily cut the rate at 25 percent, the state Department of Revenue said.

Under the state constitutional amendment in 1976 that created the Permanent Fund, an oil wealth savings account now worth about \$28 billion, at least 25 percent of all mineral lease rentals, royalties, royalty sale proceeds and federal mineral revenue sharing payments and bonuses received by the state shall be placed in a permanent fund, the department said.

The Legislature in 1980, decided that 50 percent of the royalties from oil and gas leases issued after Dec. 1, 1979, would be placed in the Alaska

Permanent Fund. Many of the most productive North Slope leases — for the Prudhoe Bay and Kuparuk River fields — were issued well before that date.

In 2003, at a time when oil prices were low and the state was worried about revenue, the 1980 law was changed to the 25 percent.

The 2003 law had conditional repeal language: the law would go away when the cumulative effect of the reduction resulted in a \$20 or more reduction in the annual Permanent Fund dividend the state pays to Alaskans from the fund's investment profits.

The state estimates that this year's dividend of \$2,069 was \$23.67 lower than it would have been without the 2003 law.