

# Oil- and gas-related revenue collection and allocation in eight states

*AK, CA, KS, NM, OH, OK, UT, and WV*

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*Note: the findings presented below are preliminary and subject to revision*

# Focus of this presentation

- What government revenues are generated from oil and gas production in our focus states?
- How are those revenues allocated across different levels of government?
- We look at these issues state-wide for each state
- We do not seek to make value judgments about the appropriate level of government revenue

# Overview of presentation

- Oil and gas revenue mechanisms in eight states
- Comparison of oil- and gas-related revenues and allocation
- Analysis and discussion questions

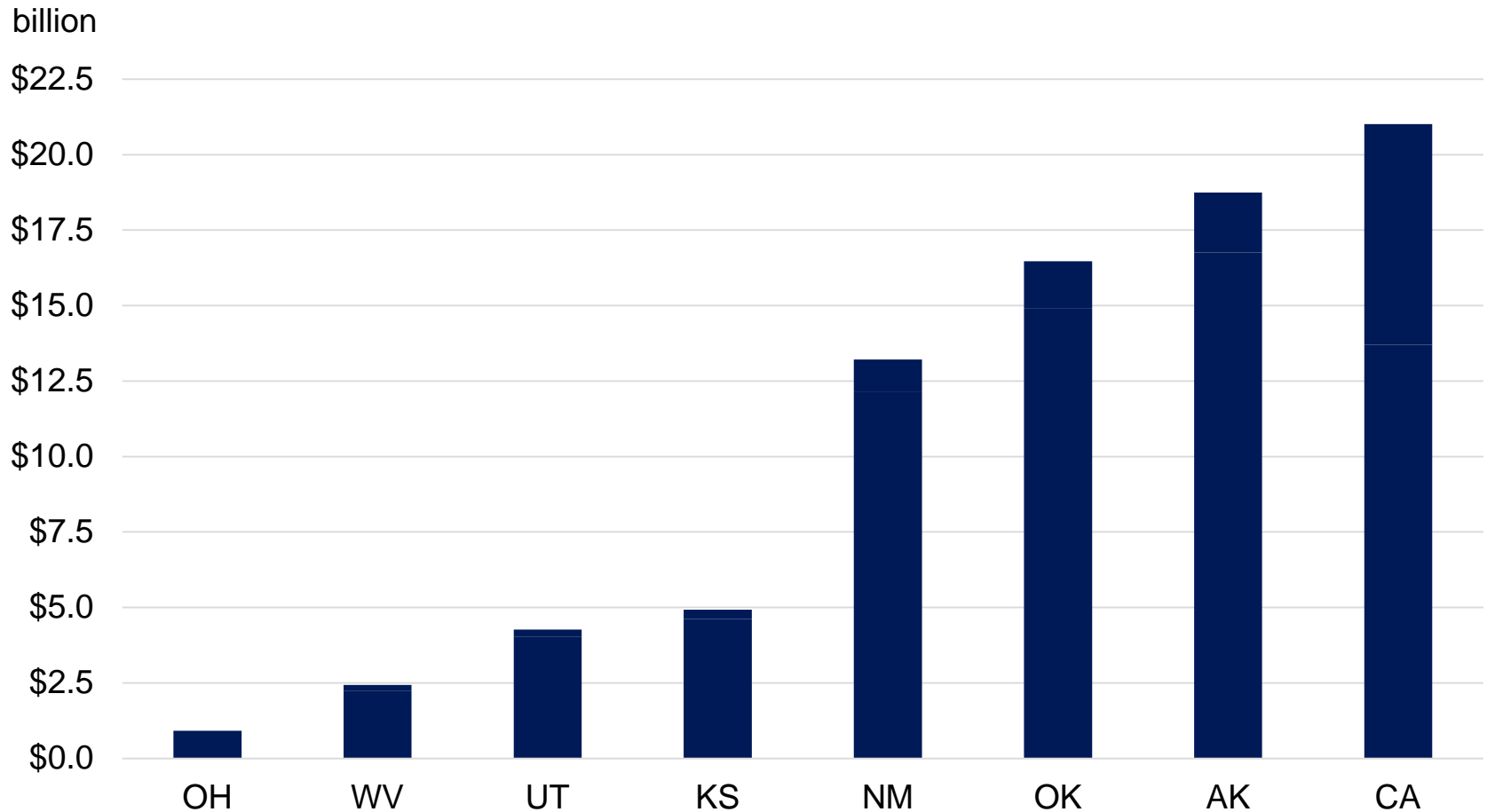
# We quantify *direct* government revenues from oil and gas production

- State severance taxes or similar
- Local ad valorem property taxes on oil and gas property
- Lease revenue from state and federal lands
- Our calculations do not include
  - Indirect or induced impacts (e.g., income taxes, sales taxes)
  - Lease revenue on local government land
  - These revenues can be substantial

# We then quantify allocations to local governments from these revenue sources

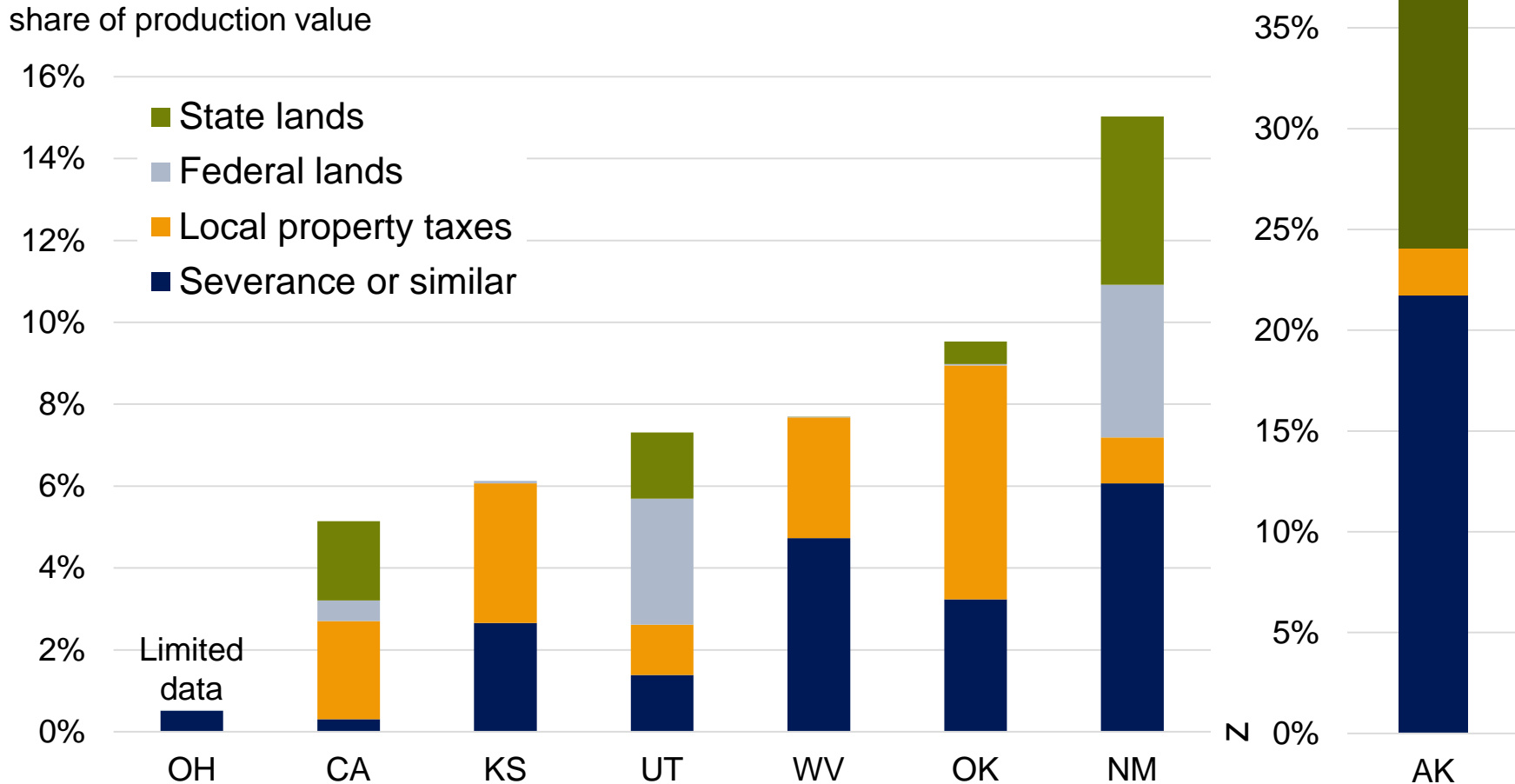
- How does revenue flow from severance taxes, property taxes, federal leases and state leases?
  - We focus on flows to local governments rather than state government
- We do not quantify revenue flows from state general funds
  - State-collected severance taxes and lease revenues often go into state general funds, where they may eventually flow to local governments
  - These flows are generally not related to levels of oil and gas activity

# Market value of oil and gas produced in FY 2013



Sources: U.S. EIA for oil and gas production volumes and oil prices based on statewide first purchase price. Bloomberg for natural gas prices based on regional market hub prices.

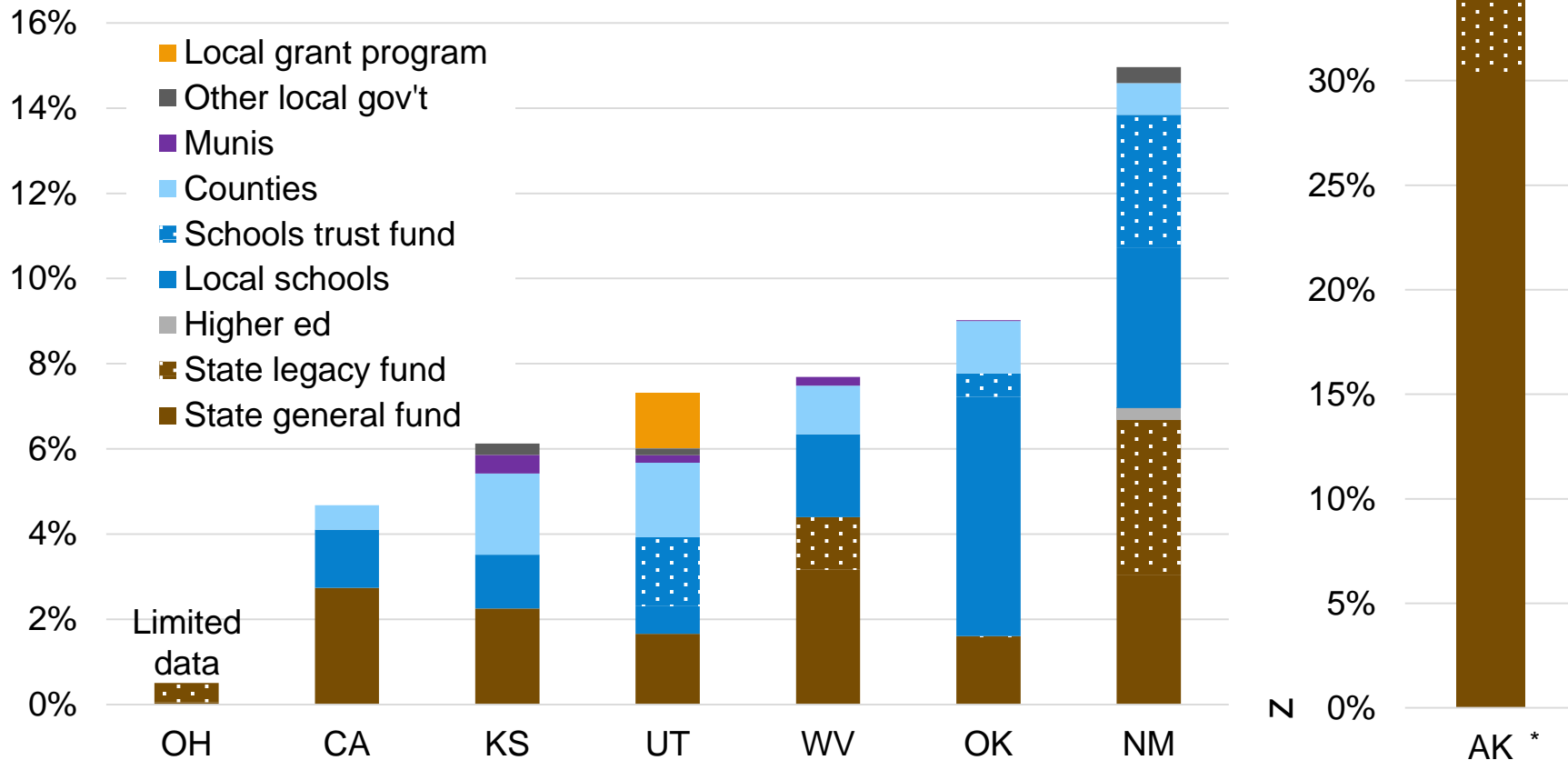
# State and local revenue by mechanism in FY 2013



Note: percentage figures *do not* represent effective tax rates.

# State and local revenue allocation in FY 2013

share of production value



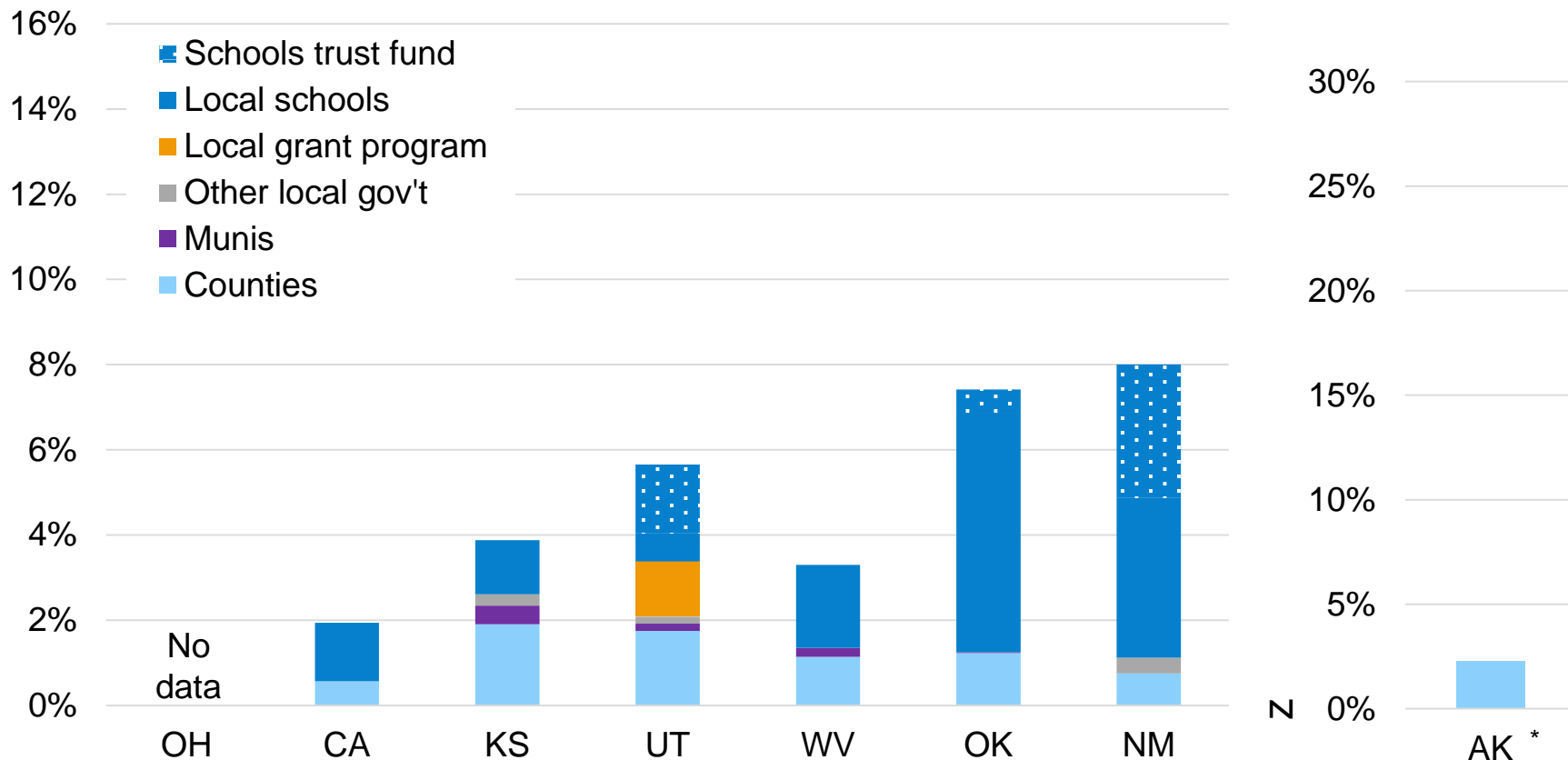
Note: percentage figures *do not* represent effective tax rates.

\*Alaska light blue bar represents revenues flowing to Borough governments, which also operate school districts.



# Local government revenue collection and allocation in FY 2013

share of production value



Note: percentage figures *do not* represent effective tax rates.

\*Alaska light blue bar represents revenues flowing to Borough governments, which also operate school districts.

# Analysis of revenue collection and allocation

- In most cases, local governments are receiving adequate revenue to manage impacts
- Property and sales taxes are leading local revenue sources, and appear to be sufficient in most situations
  - Volatility can be a challenge
- In some cases, additional revenues may be necessary to manage impacts
  - But it can be difficult to anticipate where fiscal challenges will arise

# Discussion

- Do you have any feedback on our calculations and presentation of revenue data?
- Do you have any feedback on our analysis of the data?

# For more information

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