

ALASKA STATE LEGISLATURE

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Administrative Regulation Review

SENATOR BILL WIELECHOWSKI

SB 29: Evaluating Tax Credits **SPONSOR STATEMENT**

“Taxpayers deserve accountability.”

-Byron Dorgan, former US Senator and Representative from North Dakota

Government programs are either funded by direct spending or indirectly through tax credits and other indirect expenditures. Direct spending is subject to annual review by the legislature with agencies and other recipients coming forward to justify their requests. This legislative oversight is vital to government efficiency and controlling government spending.

In contrast, Alaska “spends” about a billion dollars each year on tax credits, exemptions and other indirect expenditures without annually evaluating their impact. Although tax credits and other indirect expenditures are used by the legislature to accomplish specific policy goals, they are not subject to the same scrutiny as other operating and capital budget items and are not regularly evaluated for their effectiveness. Indirect tax expenditures include tax deductions, credits, exclusions, exemptions, deferrals, or other losses of state or local tax revenue due to statute.

Senate Bill 29 would help rectify this problem by increasing accountability and government review. This bill would require the Department of Revenue to regularly analyze tax expenditures and provide their analysis to the legislature and the public. The intent is to enable legislators to make more informed decisions about the efficacy of tax expenditures. Only nine states fail to publish a tax expenditure report: Alaska is one.

I ask that you support SB 29 to ensure that Alaska gets its money’s worth for the close to one billion dollars a year it indirectly spends on tax credits and other indirect expenditures.