

ALASKA AFL-CIO

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VINCE BELTRAMI
Executive President



JAKE METCALFE
Secretary / Treasurer

March 8, 2020

Honorable Click Bishop
State Capitol Room 121
Juneau, AK 99801

RE: STRONG SUPPORT OF SB 115

Dear Senator Bishop,

As the Legislature has grappled with multi-billion dollar deficits over the past several years, one thing that has not had any meaningful discussion is the revenue side of the equation and, more specifically, any long overdue discussion of increasing broad-based taxes of any kind.

We applaud you for taking a common sense step in addressing this issue with SB 115. As you well know Alaska's motor fuel tax has not been increased in 50 years. Our motor fuels tax presently is the lowest in the entire nation. Increasing the motor fuels tax to 16 cents on highway motor fuels and to 10 cents on marine motor fuels is long overdue. Even with the proposed increase Alaska would still have among the lowest motor fuels tax in the nation.

While this bill alone will not solve our deficit it is a meaningful way to help fund the backlog of transportation infrastructure and maintenance that is sorely needed, while also diversifying the state's revenues.

SB 115 is a reasonable approach that even the generally anti-tax *Tax Foundation* expressed support for in a very recent report: <https://taxfoundation.org/alaska-fiscal-crisis/>. In fact the following quote from the *Tax Foundation's* introduction to the aforementioned report is particularly prescient at this moment in Alaska history:

"In this publication, we review the state's revenue and weigh options for closing the budget gap with an eye toward Alaska's continued economic competitiveness. This will require a balanced approach, pairing new revenues with additional spending cuts and further reliance on the state's reserves...The status quo is no longer an option, and there are no easy choices. But Alaska's star has not dimmed, and lawmakers still have an opportunity to chart a course due north, to a bright and stable future."

The Alaska AFL-CIO represents more than 50,000 hard-working Alaskans. We support fiscally responsible solutions to getting our state back on track. We encourage support and passage of SB 115.

Sincerely,

Vince Beltrami
President
Alaska AFL-CIO