



Budget Choices-- What Alaskans are Saying

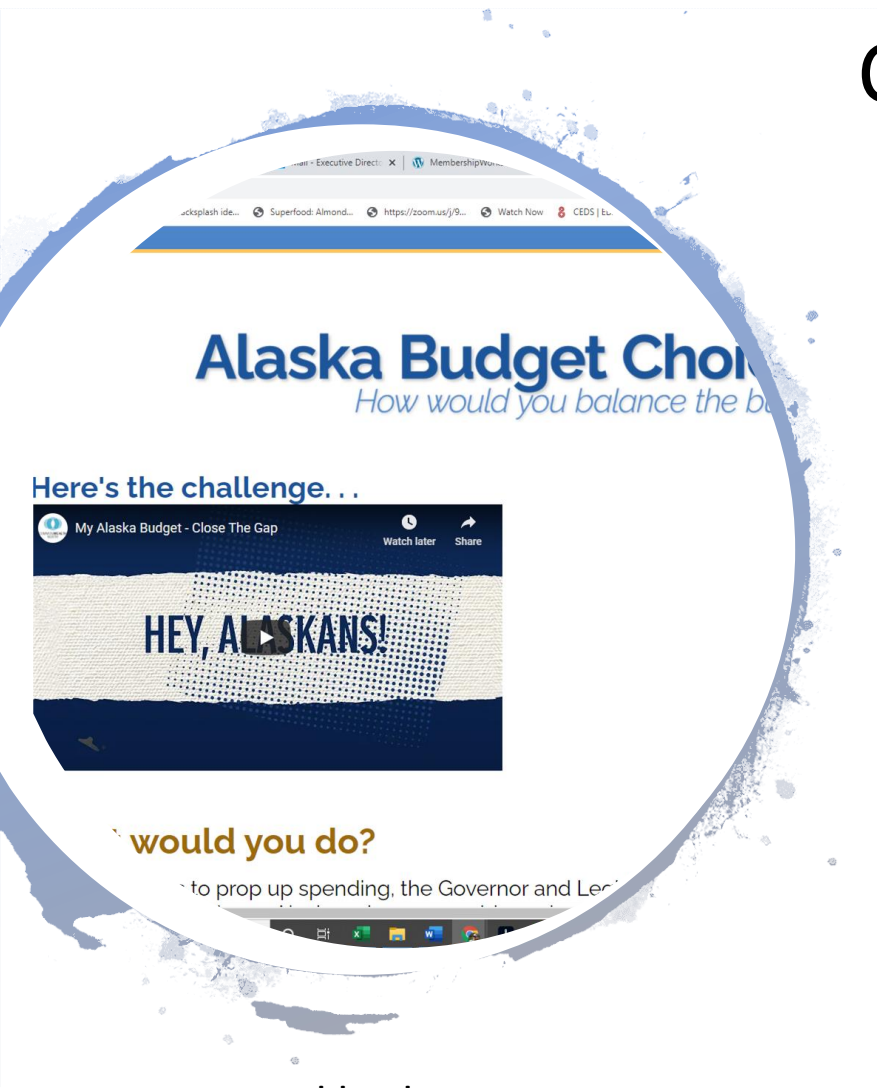
Report on Responses from 2,008 Alaskans

House Ways & Means Committee

April 15, 2021

Cheryl Frasca, Co-Chair
Fiscal Policy Study Group
Commonwealth North

CWN Asked Alaskans . . .

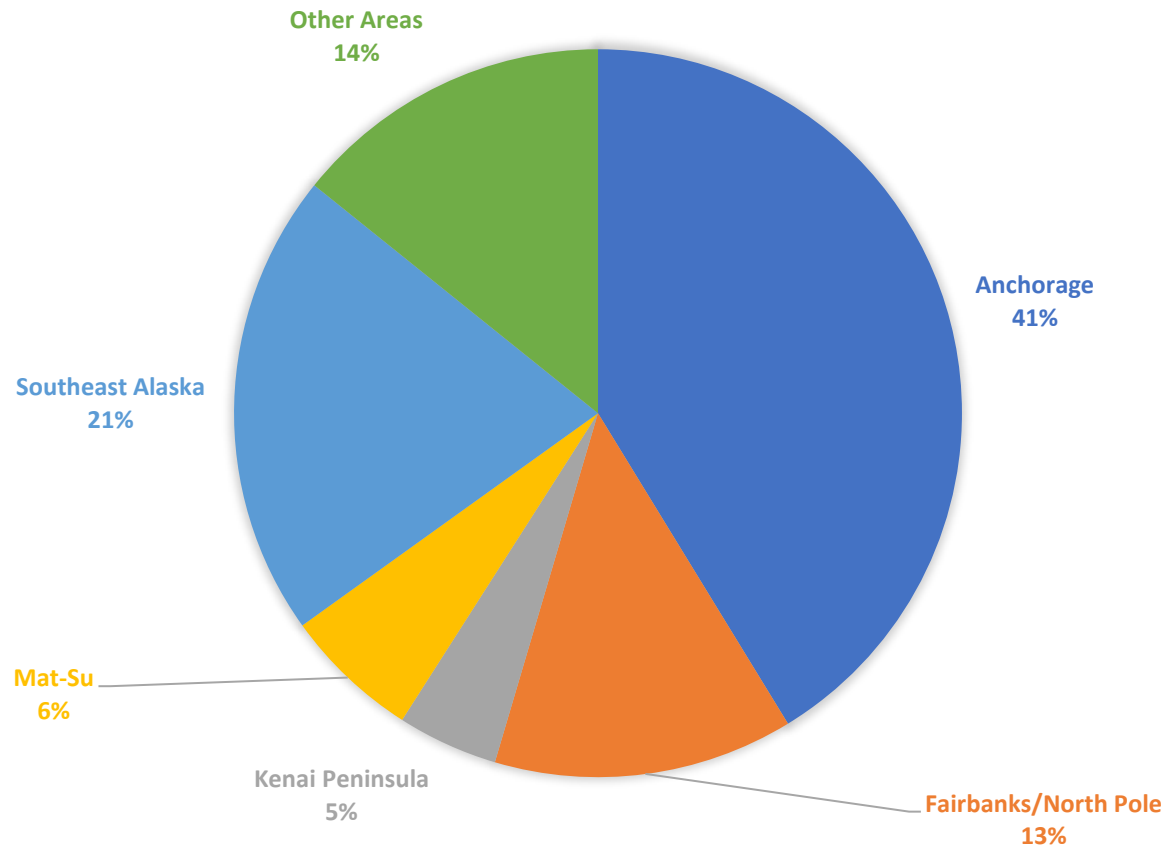


www.akbudget.com

- What choices they would make to balance \$1.3 billion difference between expected revenue to pay for current year state services
- Presented choices for:
 - 10 different sources for revenue
 - Spending on 18 state programs
 - Ability to make other suggestions
- Goal:
 - Recognize balancing budget is more than a spread sheet
 - Each choice requires trade-offs that will need to be made to bring spending in line with recurring revenue
- Data presented reflects 2,008 responses received at www.akbudget.com through April 13, 2021

About the Responses

GEOGRAPHIC DISTRIBUTION OF 2,008 RESPONSES



Spending Choices . . .

- Maintain current funding
 - Early learning
 - Medicaid
 - Senior Benefits and Pioneer Homes
 - Mental Health & Substance Misuse and Children's Services
 - Public Safety
 - Prosecutors & Public Defenders and Court System
 - Fish and Game and Natural Resource Management
- Reduce funding
 - Governor's office
 - Legislature

More Spending Choices . . .

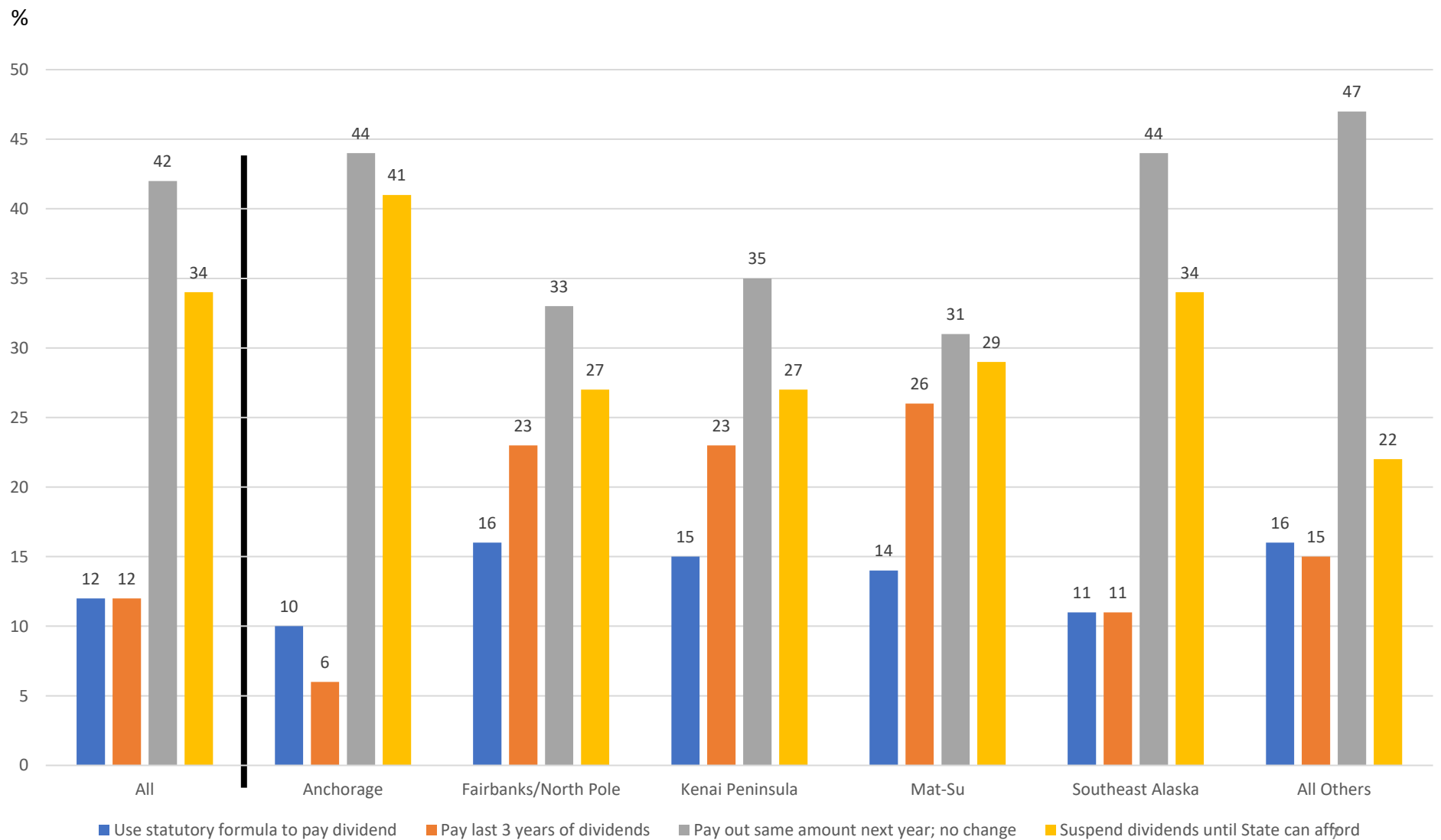
- K-12 funding
 - 31% said maintain current funding
 - 35% said to increase
 - 35% said to decrease
- University
 - 39% proceed with planned \$20 million cut
 - 35% said reinstate some of the cuts
 - 25% maintain current funding
- Transportation
 - 31% Transition ferry to self-sustaining model
 - 29% maintain current funding

Spending Choice: Permanent Fund Dividend

Use statutory formula	Spend \$1.2 billion
Pay last 3 years of dividends	Spend \$2.2 billion
Pay out same amount next year	No change
Suspend dividends for now	Save \$680 million

Spending: Permanent Fund Dividend

Responses in Percentage



Revenue Choices . . .

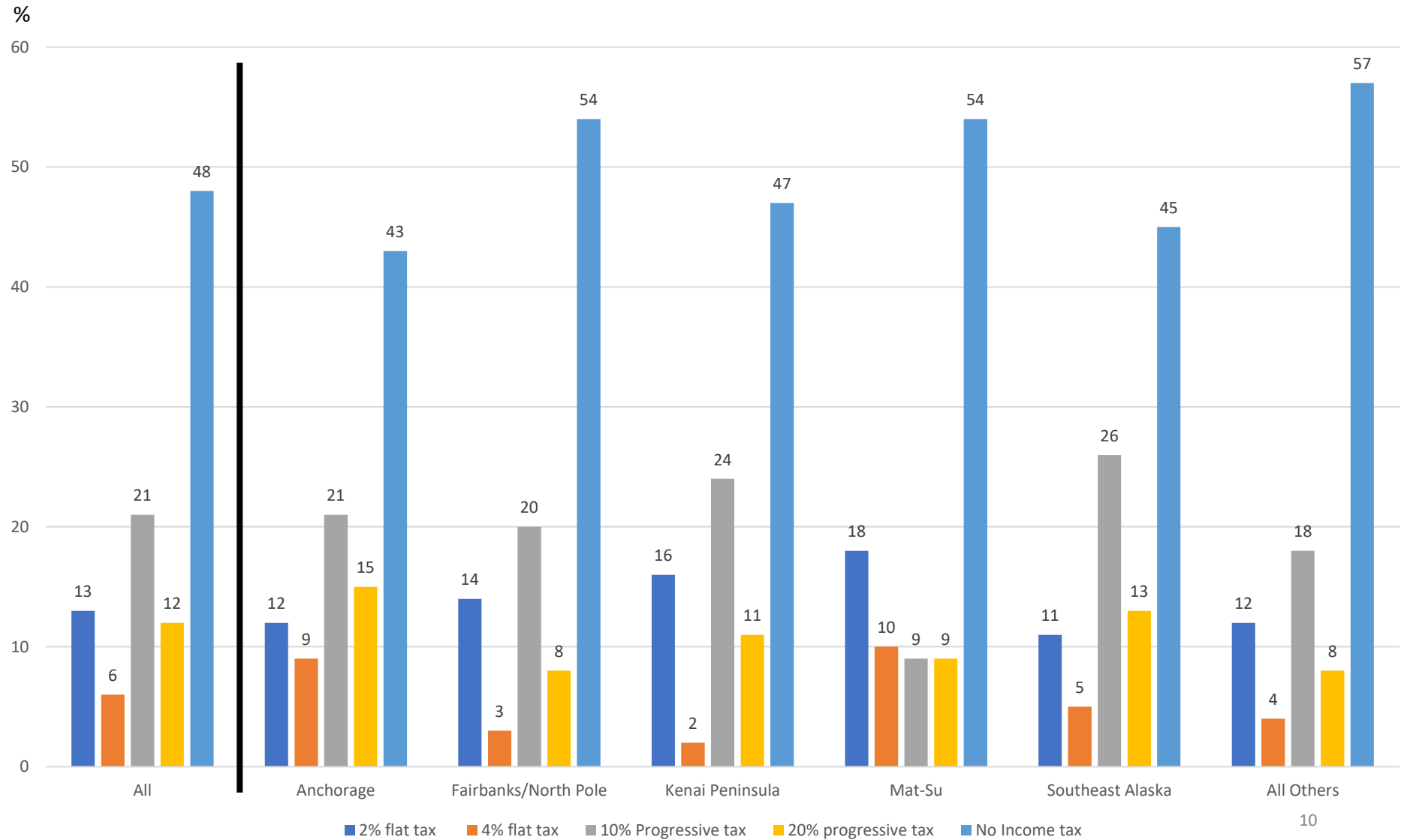
- Maintain current tax structure
 - Corporate income, commercial fisheries taxes
- OK with varying level of increase
 - Mining license 44% maintain; 55% ok with varied increases
 - Oil and gas production 43% maintain; 58% ok with varied increases
 - Excise 39% maintain; 61% ok with varied increases
 - Fuel 41% maintain; 59% ok with varied increases
- OK with a lottery
 - 39% said no
 - Combined 61% okay with various forms of games
- Also asked about:
 - Income tax
 - Sales tax
 - Permanent Fund earnings

Revenue Choice: Income Tax

2% flat tax no exemptions	+ \$440 million
4% flat tax no exemptions	+ \$880 million
10% progressive tax	+ \$350 million
20% progressive tax	+ \$700 million
No income tax	No additional revenue

Revenue: Income Tax

Responses in Percentage

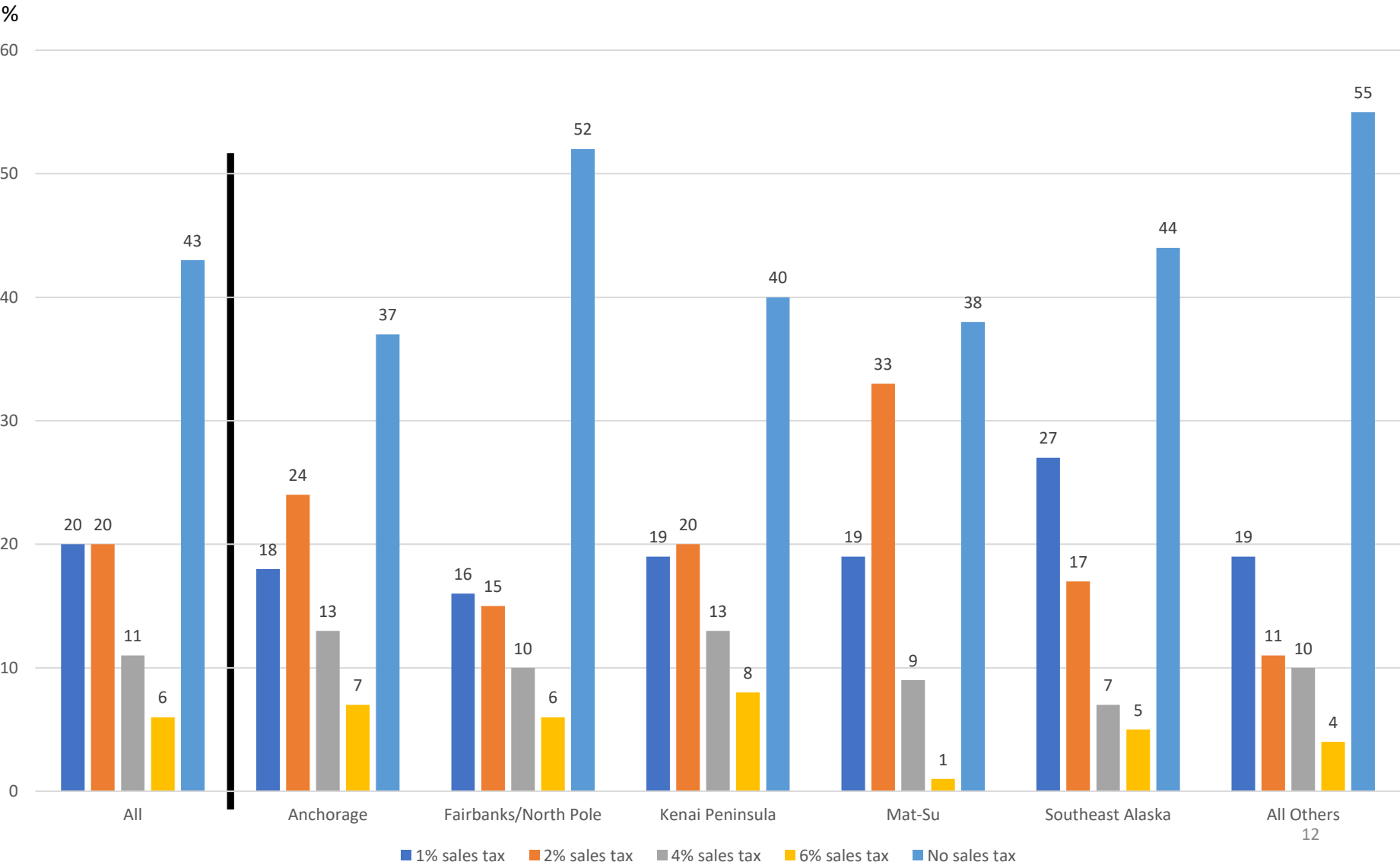


Revenue Choice: State Sales Tax

1% sales tax	+ \$250 million
2% sales tax	+ \$500 million
4% sales tax	+ \$1 billion
6% sales tax	+ 1.5 billion
No sales tax	No additional revenue

Revenue: Sales Tax

Responses in Percentage



Revenue Choice: Permanent Fund Earnings

Take additional 0.5%	+ \$300 million
Take additional 1%	+ \$600 million
Take additional 1.5%	+ \$900 million
Follow existing payout formula	No additional revenue

Revenue: Permanent Fund Earnings Payout Formula

Responses in Percentage

