



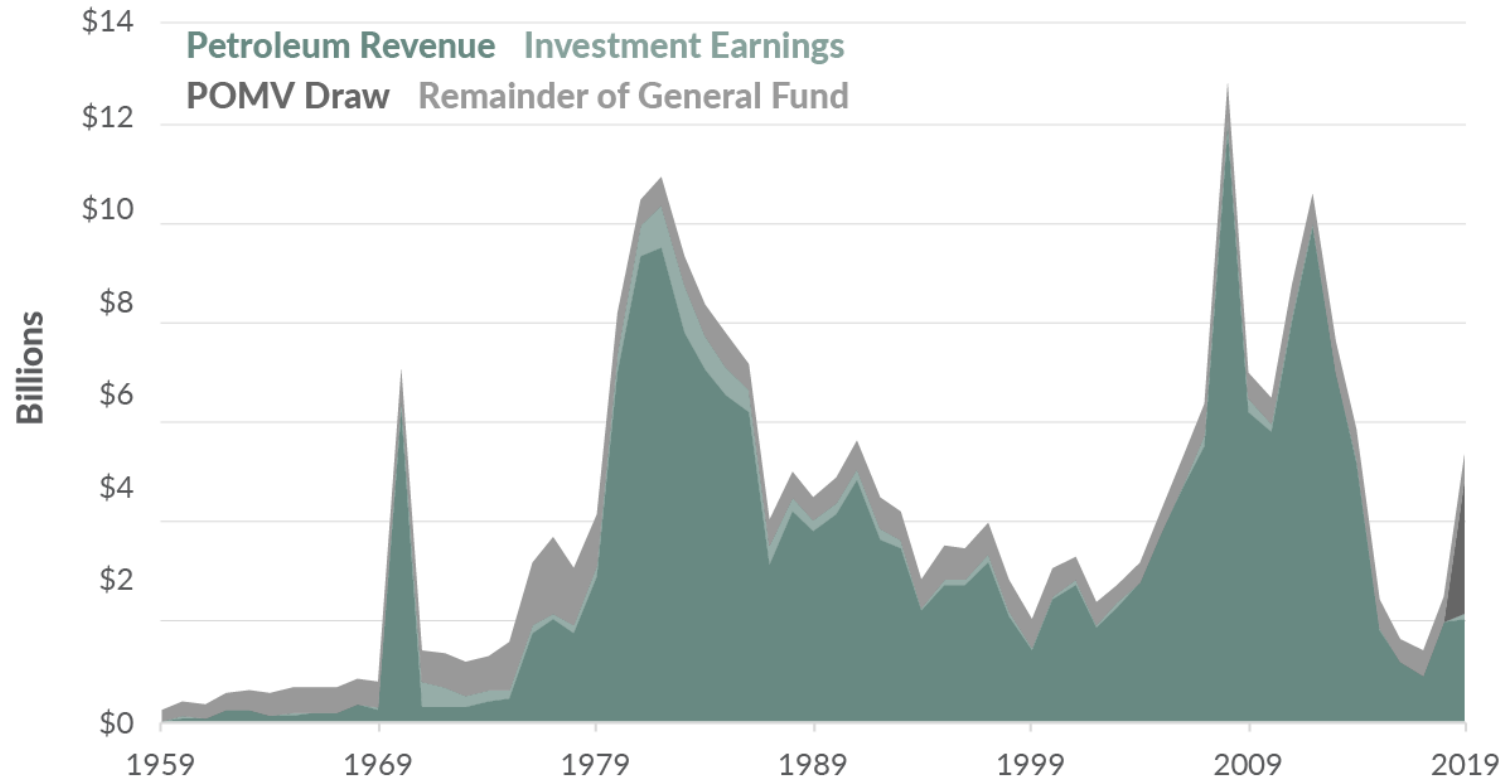
# NAVIGATING ALASKA'S FISCAL CRISIS



BY JARED WALCZAK



## Unrestricted General Fund Revenue by Year and Source



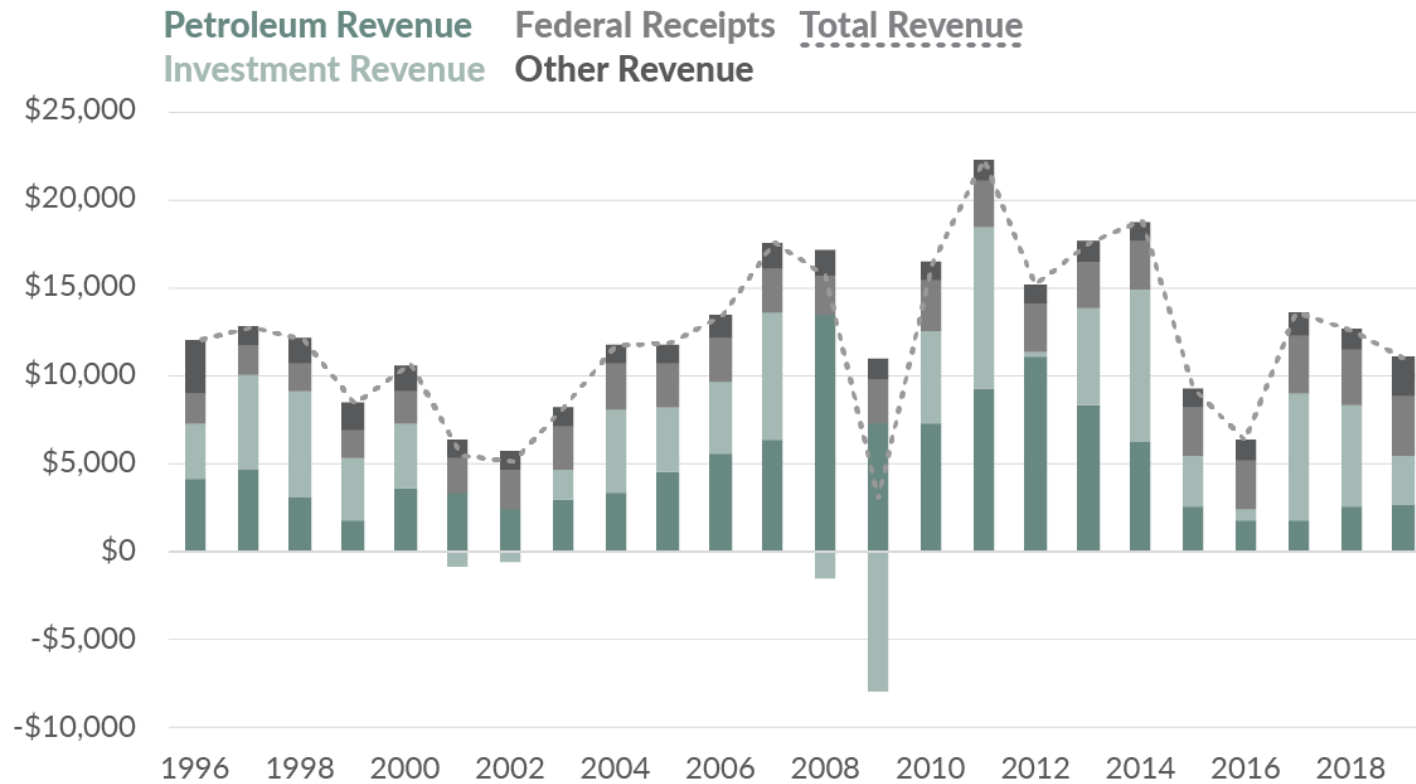
Source: Alaska Department of Revenue, "Revenue Sources Book," multiple years.

## Combined Value of CBR and SBR by Year



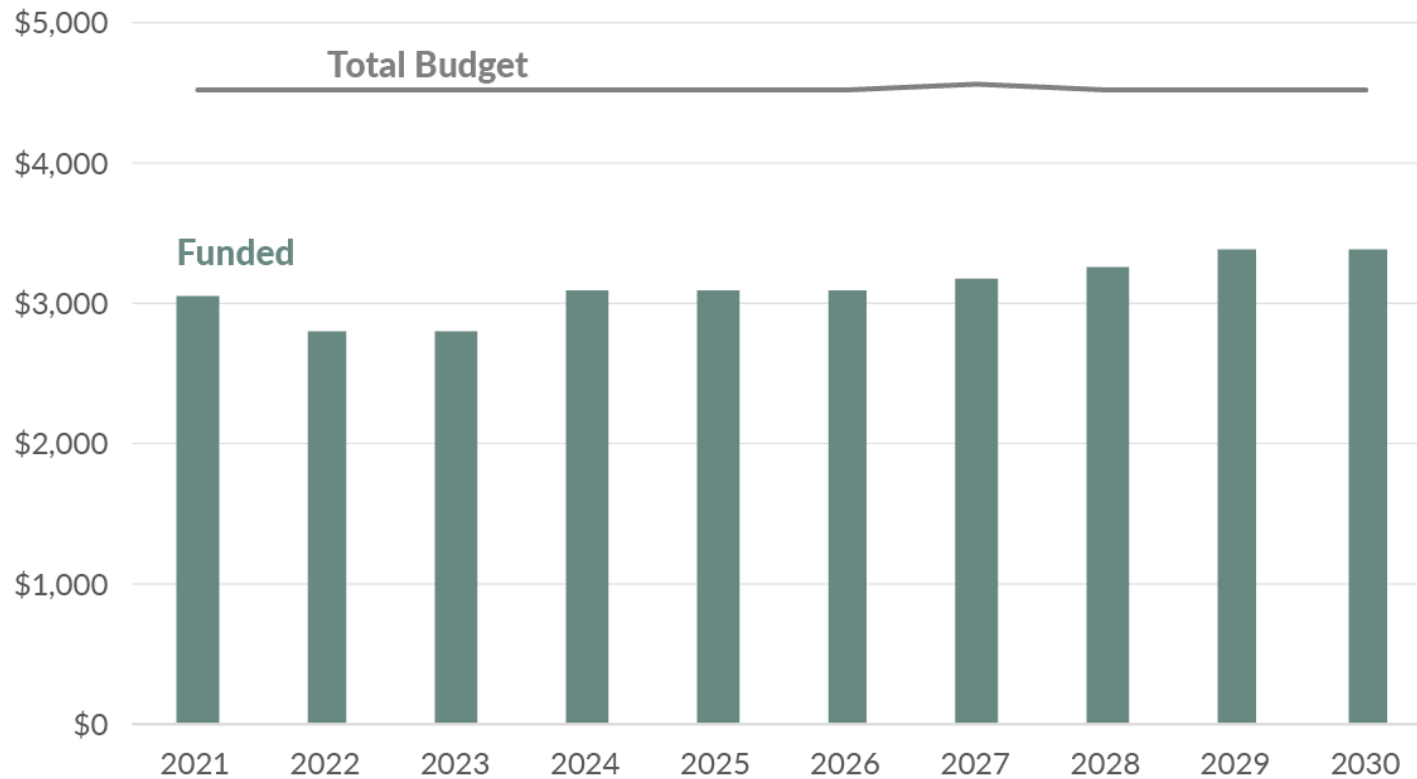
Source: Alaska Department of Revenue, Treasury Division.

## Total Alaska UGF and NGF Revenue by Source



Source: Alaska Department of Revenue, "Revenue Sources Book," multiple years.

## UGF Revenue and Total Budget Projections, Fiscal Years 2021-2030



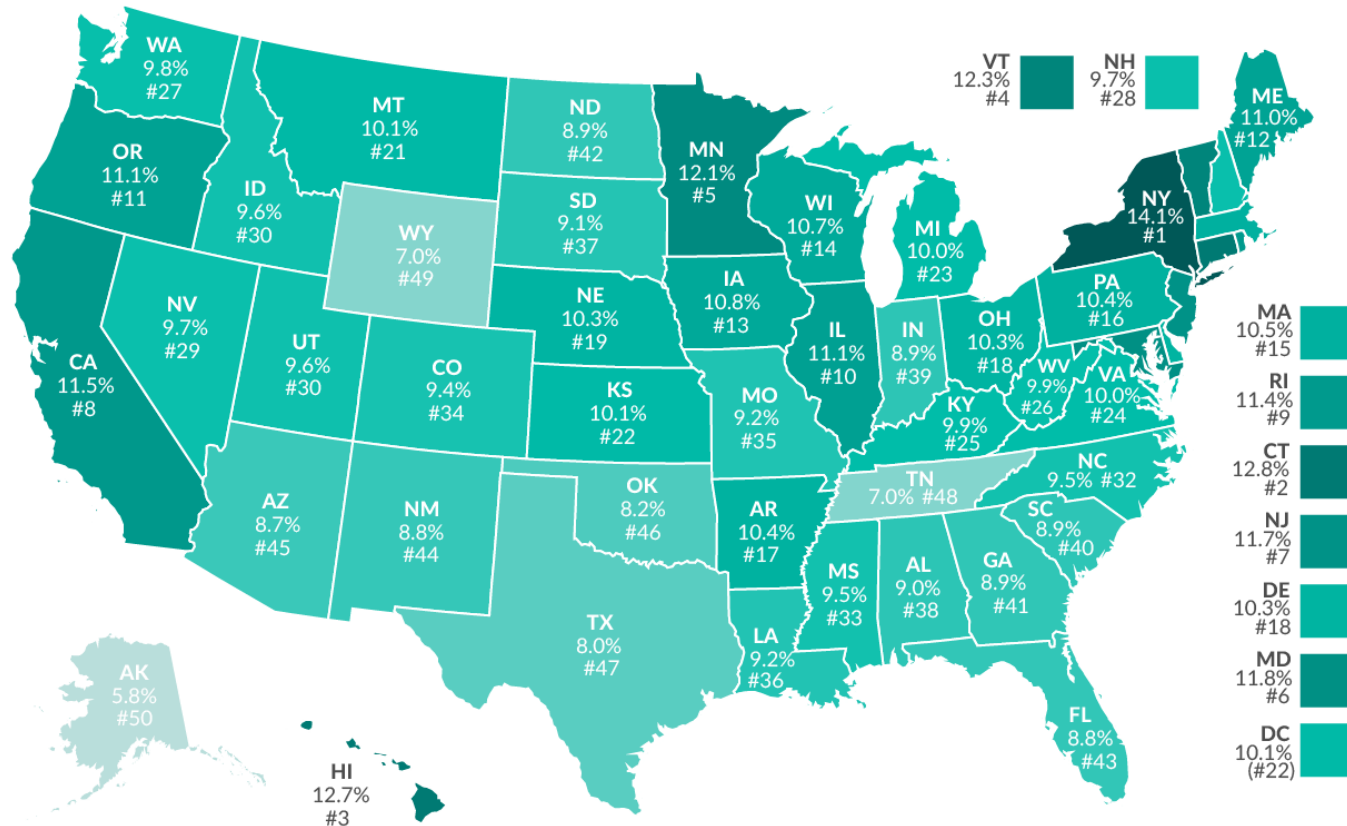
Source: Alaska Office of Management and Budget.

# Total State Revenue

By restriction and type

Fiscal Year	Millions of Dollars		
	History 2020	Forecast 2021	2022
<b>Unrestricted Revenue Sources</b>			
<b>Unrestricted General Fund Revenue</b>			
1 Investment Revenue	2,991.2	3,113.6	3,090.1
2 Petroleum Revenue	1,083.1	1,160.8	1,286.5
3 Non-Petroleum Revenue	454.8	389.0	355.0
4 <b>Total Unrestricted General Fund Revenue</b>	<b>4,529.1</b>	<b>4,663.5</b>	<b>4,731.5</b>
<b>Restricted Revenue Sources</b>			
<b>Designated General Fund Revenue</b>			
5 Investment Revenue	33.5	42.7	45.1
6 Petroleum Revenue <sup>1</sup>	67.8	57.0	55.4
7 Non-Petroleum Revenue	433.3	401.8	431.2
8 <b>Subtotal Designated General Fund Revenue</b>	<b>534.6</b>	<b>501.5</b>	<b>531.7</b>
<b>Other Restricted Revenue</b>			
9 Investment Revenue <sup>2</sup>	-1,242.0	899.1	1,174.9
10 Petroleum Revenue <sup>1</sup>	537.3	300.0	327.7
11 Non-Petroleum Revenue	125.3	198.2	204.7
12 <b>Subtotal Other Restricted Revenue</b>	<b>-579.4</b>	<b>1,397.3</b>	<b>1,707.2</b>
<b>Federal Revenue</b>			
13 Federal Receipts	4,173.0	5,068.1	4,056.5
14 Petroleum Revenue <sup>3</sup>	16.4	11.4	13.8
15 <b>Subtotal Federal Revenue</b>	<b>4,189.4</b>	<b>5,079.5</b>	<b>4,070.3</b>
16 <b>Total Restricted Revenue</b>	<b>4,144.6</b>	<b>6,978.2</b>	<b>6,309.3</b>
17 <b>Total State Revenue</b>	<b>8,673.7</b>	<b>11,641.7</b>	<b>11,040.8</b>

# State-Local Tax Burdens by State, Calendar Year 2019



Note: D.C.'s rank does not affect states' ranks, but the figure in parentheses indicates where it would rank if included.

Source: Tax Foundation calculations.

State-Local Tax Burden by State, Calendar Year 2019



## Sources of Tax Revenue, Alaska vs. National Average

Revenue Source	STATE-LEVEL ONLY		STATE & LOCAL COMBINED	
	National	Alaska	National	Alaska
Property (including pipeline)	2%	7%	31%	46%
Individual Income	38%	0%	24%	0%
General Sales	31%	0%	23%	7%
Excise and Selective Sales	16%	15%	11%	11%
Other (including severance)	9%	65%	7%	31%
Corporate Income	5%	12%	3%	6%

## Revenue Per Capita, Alaska vs. National Average

	STATE-LEVEL ONLY		STATE & LOCAL COMBINED	
	National	Alaska	National	Alaska
<b>All Revenue</b>	\$8,051	\$13,493	\$14,209	\$21,064
<b>Tax Revenue</b>	\$3,131	\$2,233	\$5,392	\$4,817



# Alaska's Three "R"s



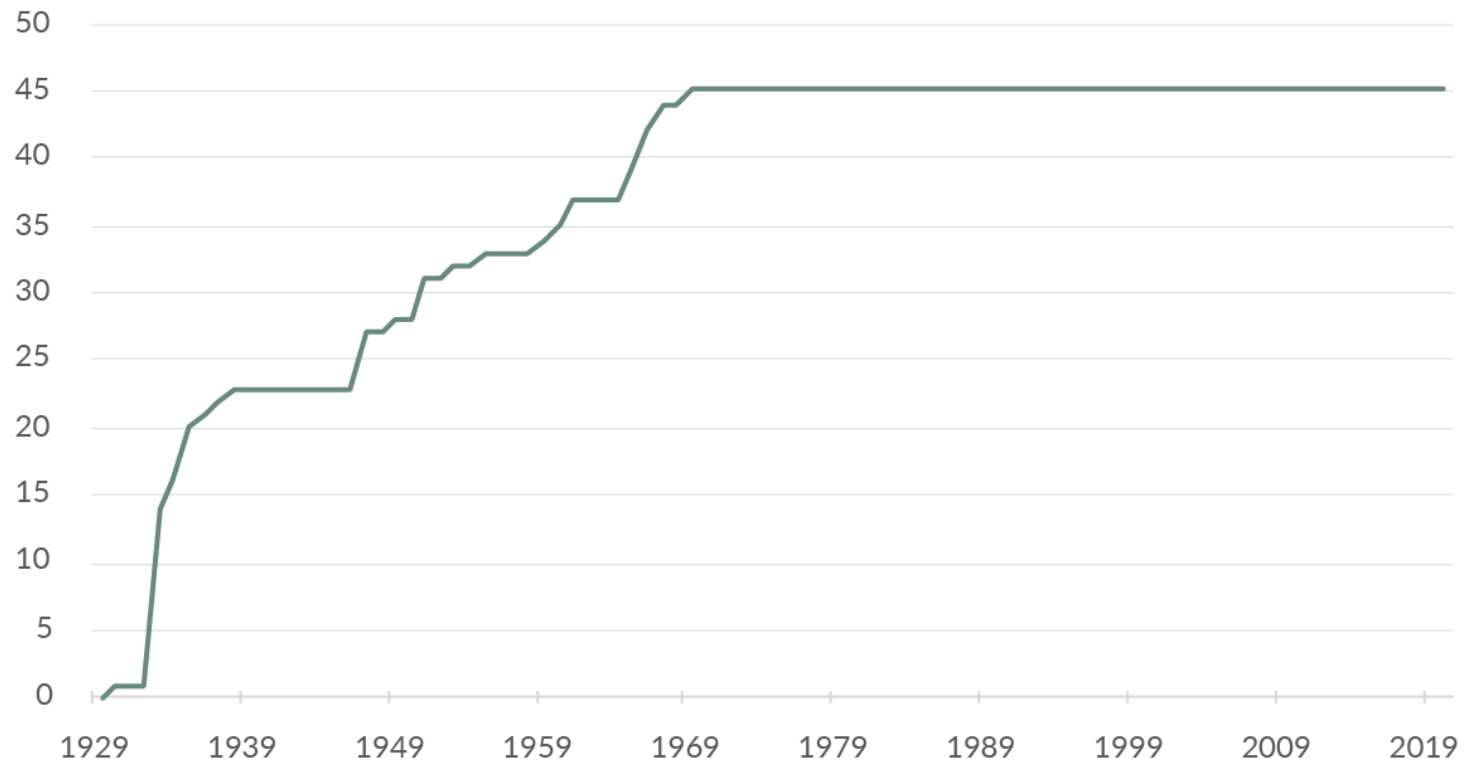
The diagram consists of three identical rectangular boxes arranged horizontally. Each box has a light green top half and a light blue bottom half. The text is centered in the light green section. The first box is labeled 'Reallocations', the second 'Reductions', and the third 'Revenues'.

Reallocations

Reductions

Revenues

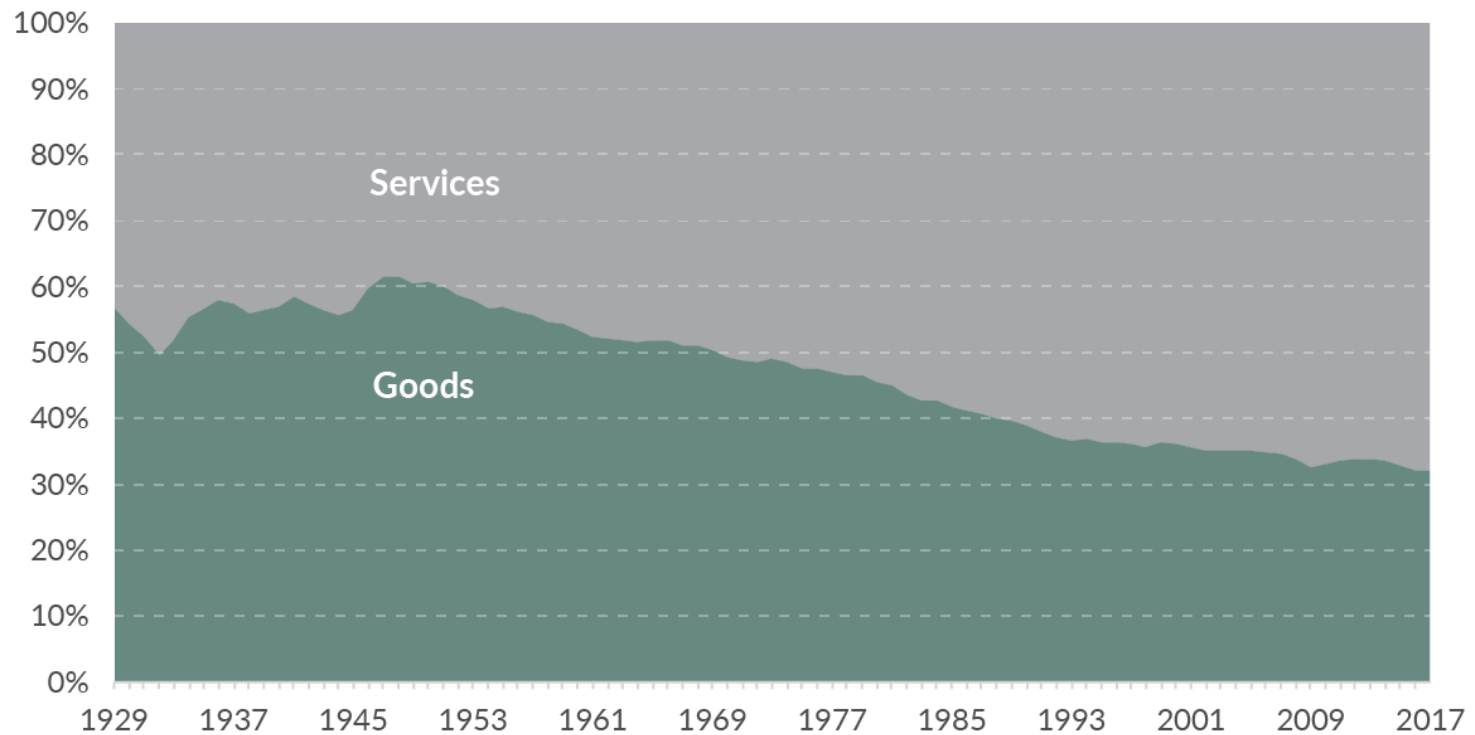
## States with a Sales Tax by Year



Source: Advisory Commission on Intergovernmental Relations, *Significant Features of Fiscal Federalism*, Vol. 1 (1995).

# Percentage of Total Personal Consumption Expenditures

*Goods vs. Services, U.S., 1929-2017*



Source: Bureau of Economic Analysis, "Regional Economic Accounts."

## Revenue Implications of Sales Tax Rate and Base Options

Sales Tax Base	Rate to Generate...		
	\$1 billion	\$750 million	\$500 million
Broadest possible base*	3.1%	2.3%	1.6%
Except hospital services	3.6%	2.7%	1.8%
... and physician services	4.0%	3.0%	2.0%
... and all other medical services	4.5%	3.4%	2.2%
... and insurance premiums/fees	4.7%	3.5%	2.3%
... and private education	4.9%	3.6%	2.4%
... and pharmaceuticals	5.1%	3.8%	2.6%
... and financial services fees	5.3%	4.0%	2.7%
... and unprepared foods	6.2%	4.7%	3.1%
... and household utilities	6.7%	5.0%	3.3%
... and professional services	6.9%	5.2%	3.5%
... and motor fuel and fuel oil	7.4%	5.6%	3.7%
... and clothing	7.8%	5.8%	3.9%

\* All final consumption except housing, financial services furnished without payment, social services, religious activities, and untaxable purchases like internet access, postal services and other purchases from government, and grocery purchases made with SNAP and WIC benefits.

Note: Assumes 85 percent collections rate.

Sources: U.S. Bureau of Economic Analysis; Tax Foundation calculations.

## State Sales Tax Collections as a Percentage of Personal Consumption Expenditures (PCE)

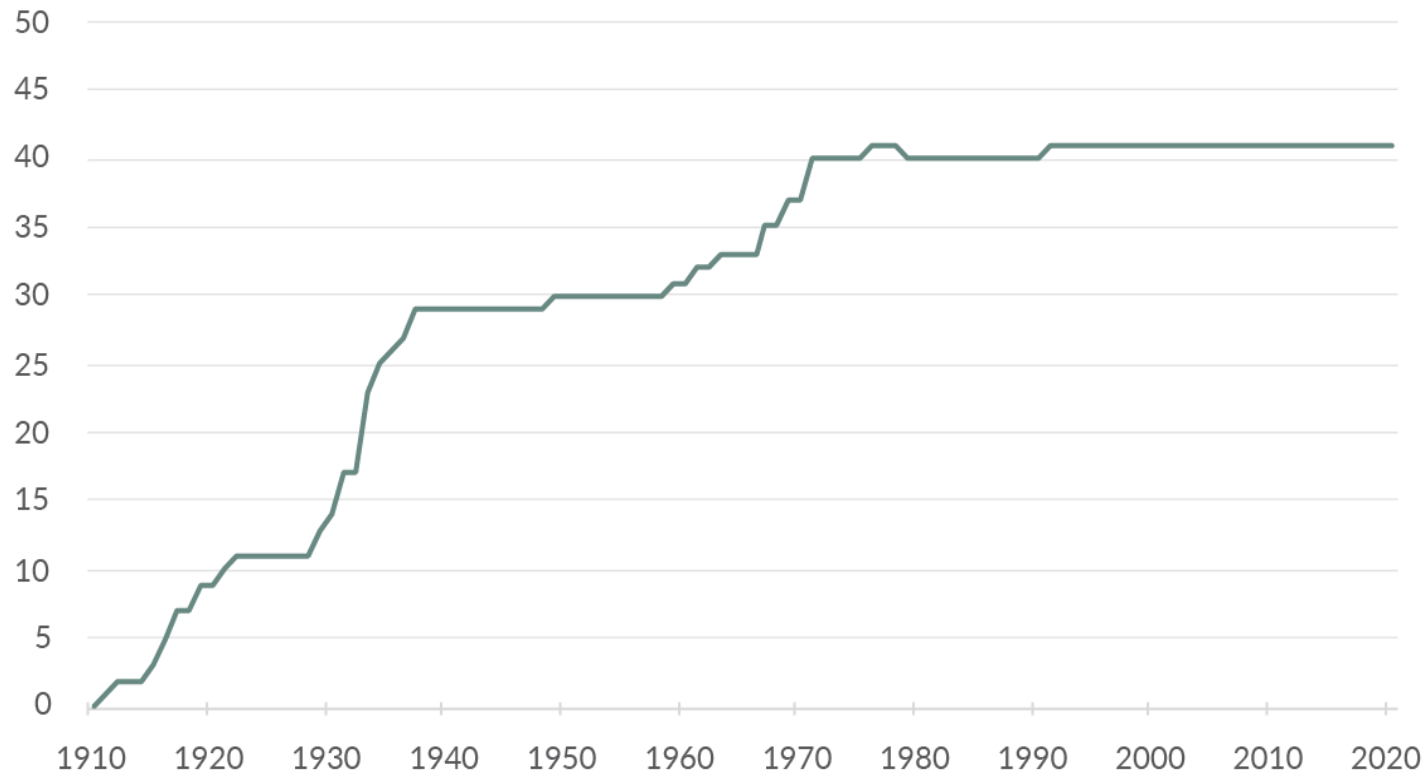
State	% of PCE
Alabama	1.7%
Alaska	n.a.
Arizona	3.0%
Arkansas	3.4%
California	1.9%
Colorado	1.3%
Connecticut	2.4%
Delaware	n.a.
District of Columbia	3.4%
Florida	3.4%
Georgia	1.5%
Hawaii	5.1%
Idaho	2.8%
Illinois	2.0%
Indiana	3.1%
Iowa	2.7%
Kansas	3.0%
Kentucky	2.3%
Louisiana	2.5%
Maine	2.5%
Maryland	1.7%
Massachusetts	1.7%
Michigan	2.4%
Minnesota	2.2%
Mississippi	3.8%

Missouri	1.5%
Montana	n.a.
Nebraska	2.4%
Nevada	4.1%
New Hampshire	n.a.
New Jersey	2.2%
New Mexico	2.7%
New York	1.4%
North Carolina	2.2%
North Dakota	2.5%
Ohio	2.5%
Oklahoma	2.0%
Oregon	n.a.
Pennsylvania	1.9%
Rhode Island	2.2%
South Carolina	1.9%
South Dakota	2.8%
Tennessee	3.0%
Texas	3.2%
Utah	1.9%
Vermont	1.3%
Virginia	1.1%
Washington	4.5%
West Virginia	2.0%
Wisconsin	2.2%
Wyoming	2.8%
<i>All Sales Tax States</i>	2.3%

n.a.: Not applicable.

Sources: U.S. Bureau of Economic Analysis; Tax Foundation calculations.

## States with a Wage Income Tax by Year



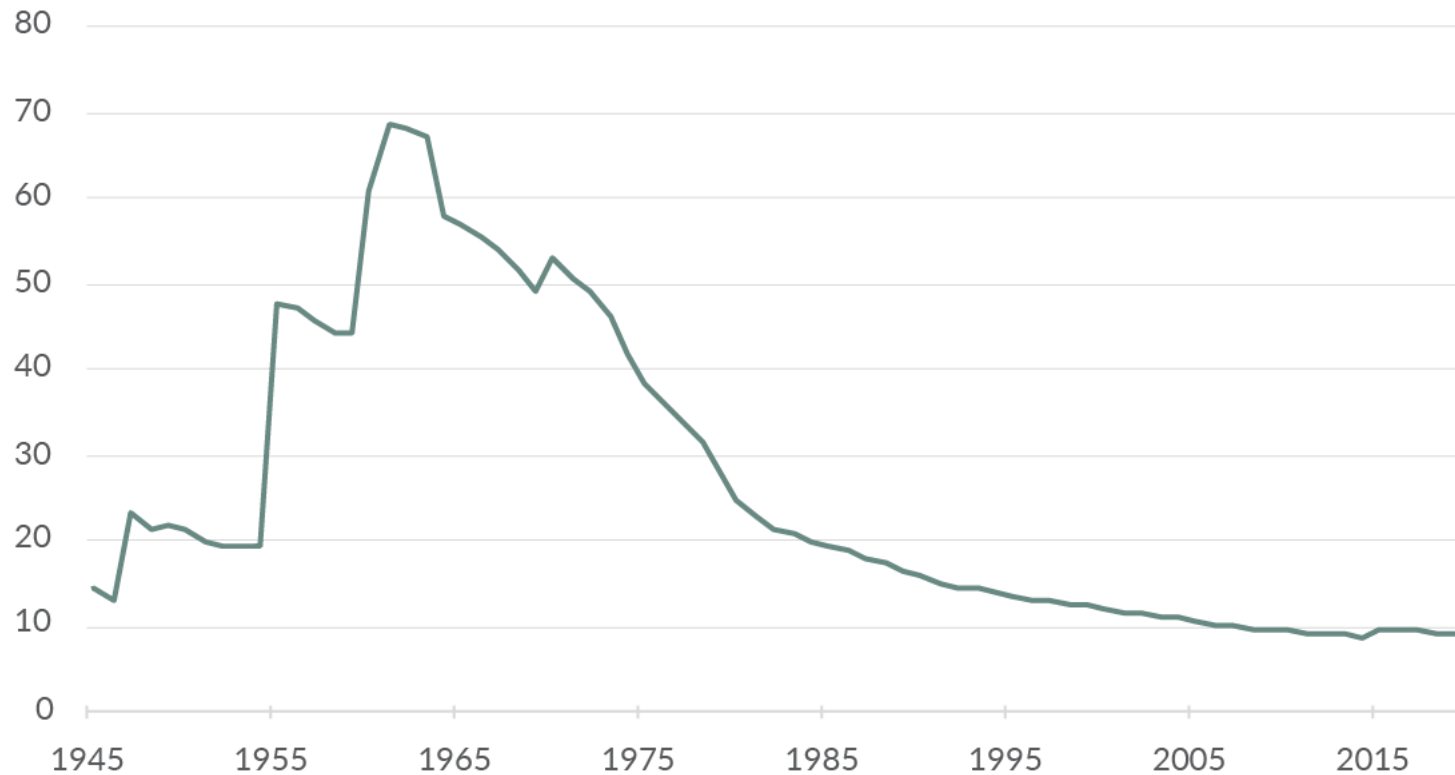
Source: Advisory Commission on Intergovernmental Relations, *Significant Features of Fiscal Federalism*, Vol. 1 (1995).

## Income Tax Collections as a Percentage of Adjusted Gross Income (AGI)

State	% of AGI	State	% of AGI
Alabama	3.2%	Montana	4.2%
Alaska	n.a.	Nebraska	4.0%
Arizona	2.3%	Nevada	n.a.
Arkansas	4.1%	New Hampshire	n.a.
California	6.0%	New Jersey	3.8%
Colorado	3.5%	New Mexico	2.9%
Connecticut	4.9%	New York	5.8%
Delaware	4.0%	North Carolina	4.5%
District of Columbia	6.1%	North Dakota	1.3%
Florida	n.a.	Ohio	2.6%
Georgia	4.1%	Oklahoma	3.4%
Hawaii	4.9%	Oregon	6.8%
Idaho	4.0%	Pennsylvania	3.0%
Illinois	3.0%	Rhode Island	3.6%
Indiana	3.1%	South Carolina	3.3%
Iowa	4.1%	South Dakota	n.a.
Kansas	2.8%	Tennessee	n.a.
Kentucky	4.2%	Texas	n.a.
Louisiana	2.6%	Utah	4.3%
Maine	4.1%	Vermont	3.9%
Maryland	4.0%	Virginia	4.5%
Massachusetts	4.9%	Washington	n.a.
Michigan	3.3%	West Virginia	4.7%
Minnesota	5.6%	Wisconsin	4.4%
Mississippi	3.0%	Wyoming	n.a.
Missouri	3.7%	<i>All Wage Income Tax States</i>	4.4%

Sources: U.S. Bureau of Economic Analysis; Tax Foundation calculations.

## Alaska's Inflation-Adjusted Gas Tax Rate (Cents Per Gallon)



Sources: Alaska Department of Revenue; U.S. Bureau of Economic Analysis; Tax Foundation calculations.