

**WAYS & MEANS
COMMITTEE**

**FOUNDATION
FOR DISCUSSION**



FOR IMMEDIATE RELEASE

WAYS & MEANS COMMITTEE RE-SCHEDULED TO BETTER INFORM THE PUBLIC AND ENCOURAGE PARTICIPATION

(JUNEAU) – January 31st, 2023. The Alaska House Majority Caucus is pleased to announce that the Special Committee on Ways and Means, which hears bills and reviews the processes to protect the economic resources of the state, will be held at six o'clock PM starting this Wednesday, February 1st 2023.

WAYS & MEANS

- STATE OF ALASKA HOUSE OF REPRESENTATIVES 2023
- **House Resolution 3**
- Establishing a House Special Committee on Ways and Means.
- BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES:
 - WHEREAS it is urgent that the state government bring its spending and revenue into balance to ensure that essential services are provided and to protect the economic stability of the state;
 - BE IT RESOLVED by the House of Representatives that a House Special Committee on Ways and Means is established to **(1) consider methods to control state spending; (2) identify ways in which state government programs may be made more efficient; and (3) propose new measures to raise additional state revenue.**

WAYS & MEANS

Alaska's fiscal problem has structural factors:

Lack of a long-term fiscal policy

- **Affordable & sustainable spending policy**
- **Dependable dividend structure**
- **Revenue plan predicated upon private sector growth rather than short-term budget needs**

Undersized private economy

Lack of accountability and good governance solutions

FISCAL POLICY WORKING GROUP

FINAL REPORT



32nd ALASKA LEGISLATURE

https://akleg.gov/docs/pdf/2021_Fiscal_Policy_Working_Group-Final_Report.pdf

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>>> Fiscal Policy Working Group Report

Undersized private economy

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WAYS & MEANS

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Lack of a long-term fiscal policy

- **Affordable & sustainable spending policy**

Spending Limits

Efficiency in spending

"I favor the policy of economy, not because I wish to save money, but because I wish to save people. The men and women of this country who toil are the ones who bear the cost of the government. Every dollar that we carelessly waste means that their life will be so much the more meager. Every dollar that we prudently save means that their life will be so much the more abundant. Economy is idealism in its most practical form."

WAYS & MEANS

Alaska's fiscal problem has structural factors:

Undersized private economy

When the only tool you have is a hammer, every problem looks like a nail

Governments tend to look for government solutions for economic growth; the truth is that private economies grow when government intrusion is minimized.

Ways and Means is charged with looking at revenues, which will include Economic Growth by reviewing tax and regulatory burdens that may inhibit business investment in Alaska.

One "tax" we will discuss when looking toward economic growth is the tax on Alaskan's dividends when we don't pay what is owed.

WAYS & MEANS

Alaska's fiscal problem has structural factors:

Lack of accountability and good governance solutions

- **Performance reviews**
- **The Executive Budget Act**
- **Internal auditors**
- **Legislative oversight of regulations**

Ronald Reagan said, "Government is not the solution to the problem, government is the problem."

**WAYS & MEANS: HEAR BILLS AND REVIEW PROCESSES TO
PROTECT THE ECONOMIC RESOURCES OF THE STATE**

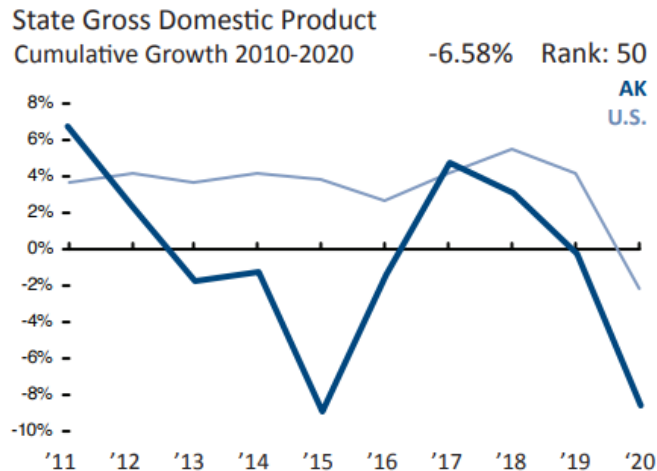
- | | | |
|--------------------|--|--|
| 1) Settle the PFD | 2) Spending Cap | 3) Efficient
Spending Policies |
| 4) Economic Growth | 5) Accountability and
Good Governance | 6) Revenue
Generation for
Government |

WAYS & MEANS

- **Alaska Has an Economic Problem**
- Unemployment 49th Worst
- GSP Growth 50th Worst
- Education Quality 48th Worst
- Interstate Migration 34st Worst
- Reliance on Federal \$\$

ALASKA'S ECONOMIC REPORT CARD HAS FAILING GRADES

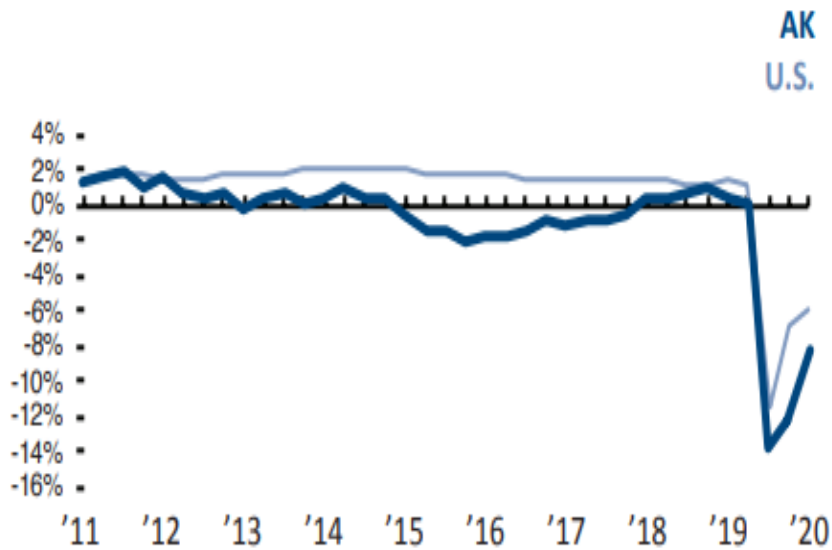
**GDP growth is the worst
in the nation**



Non-Farm Payroll Employment

Cumulative 2010-2020

-8.01% Rank: 49



**EMPLOYMENT:
SECOND WORST IN
THE NATION**

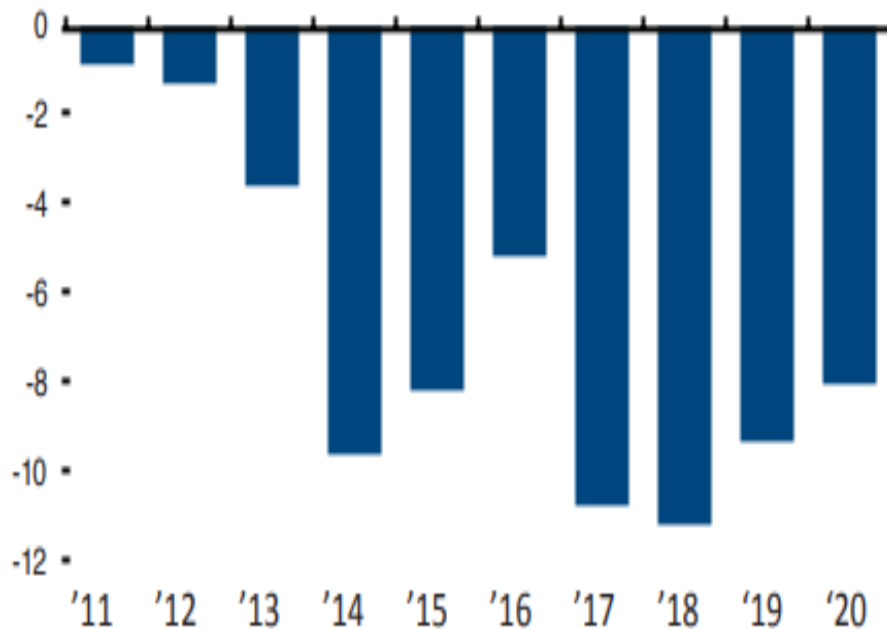
Absolute Domestic Migration

Cumulative 2011-2020

-67,868

Rank: 34

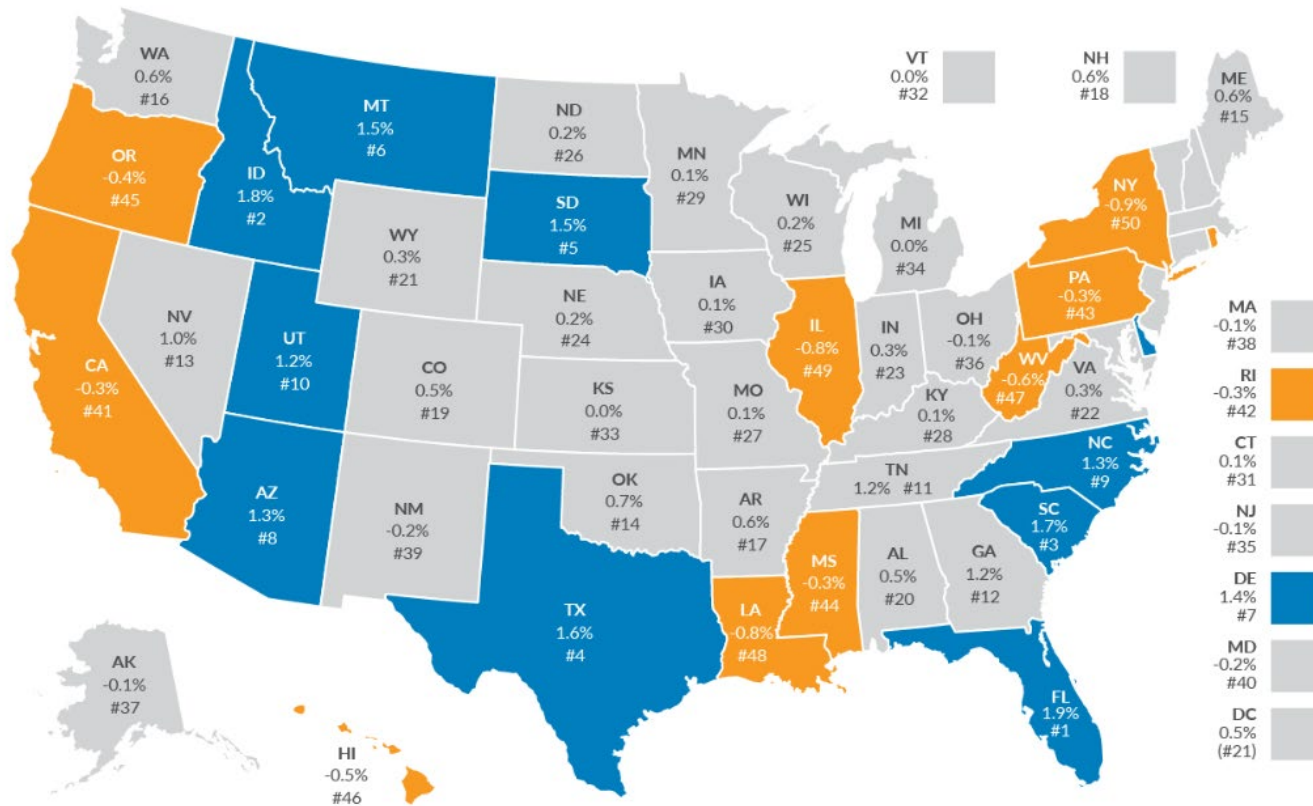
(in thousands)



**PEOPLE ARE
LEAVING ALASKA
FOR OTHER
STATES**

State Population Change in 2022

State Migration Patterns, from Most Inbound to Most Outbound, 2022



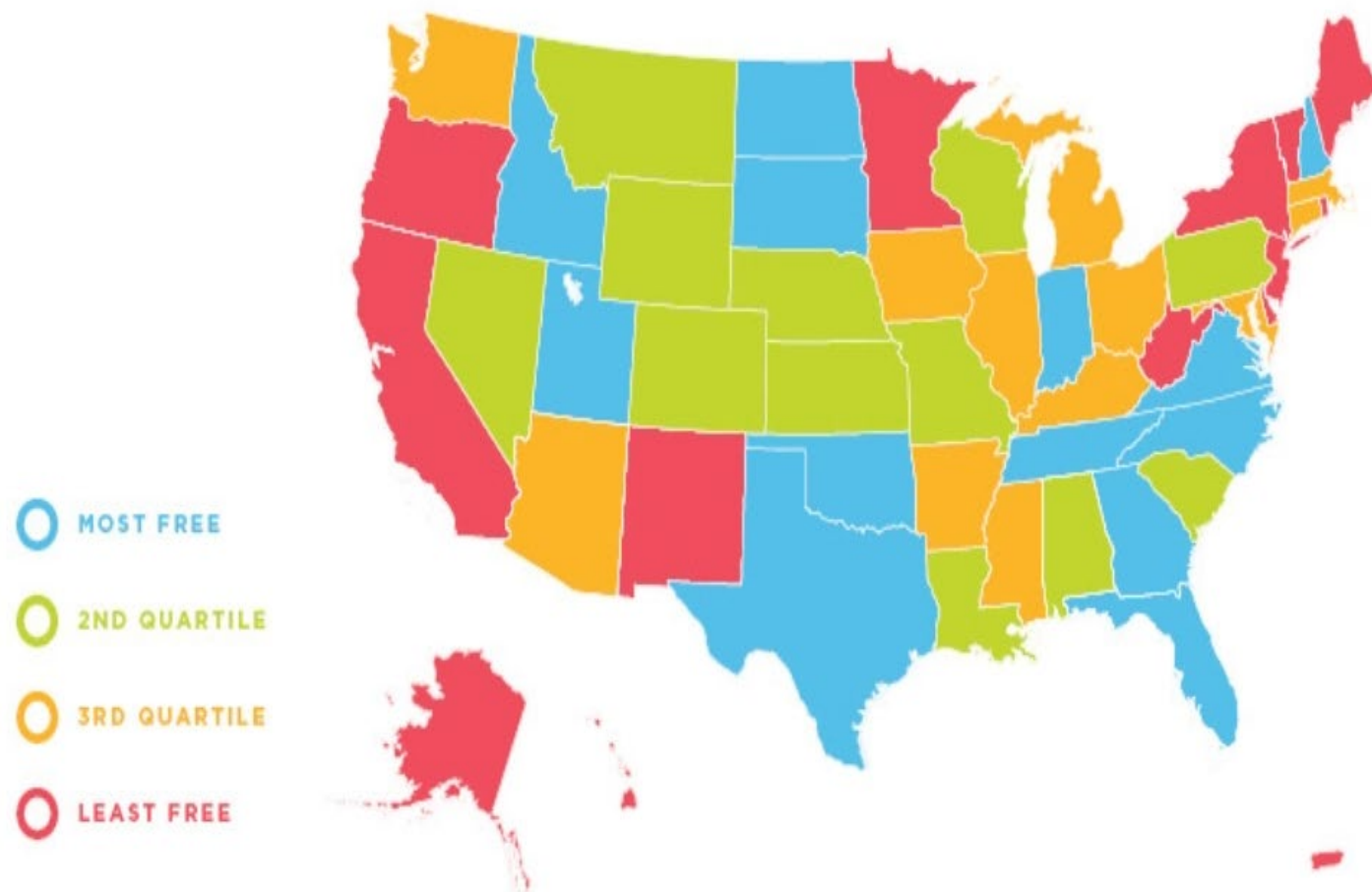
Note: D.C.'s rank does not affect states' ranks, but the figure in parentheses indicates where it would have ranked if included.

Source: U.S. Census Bureau.

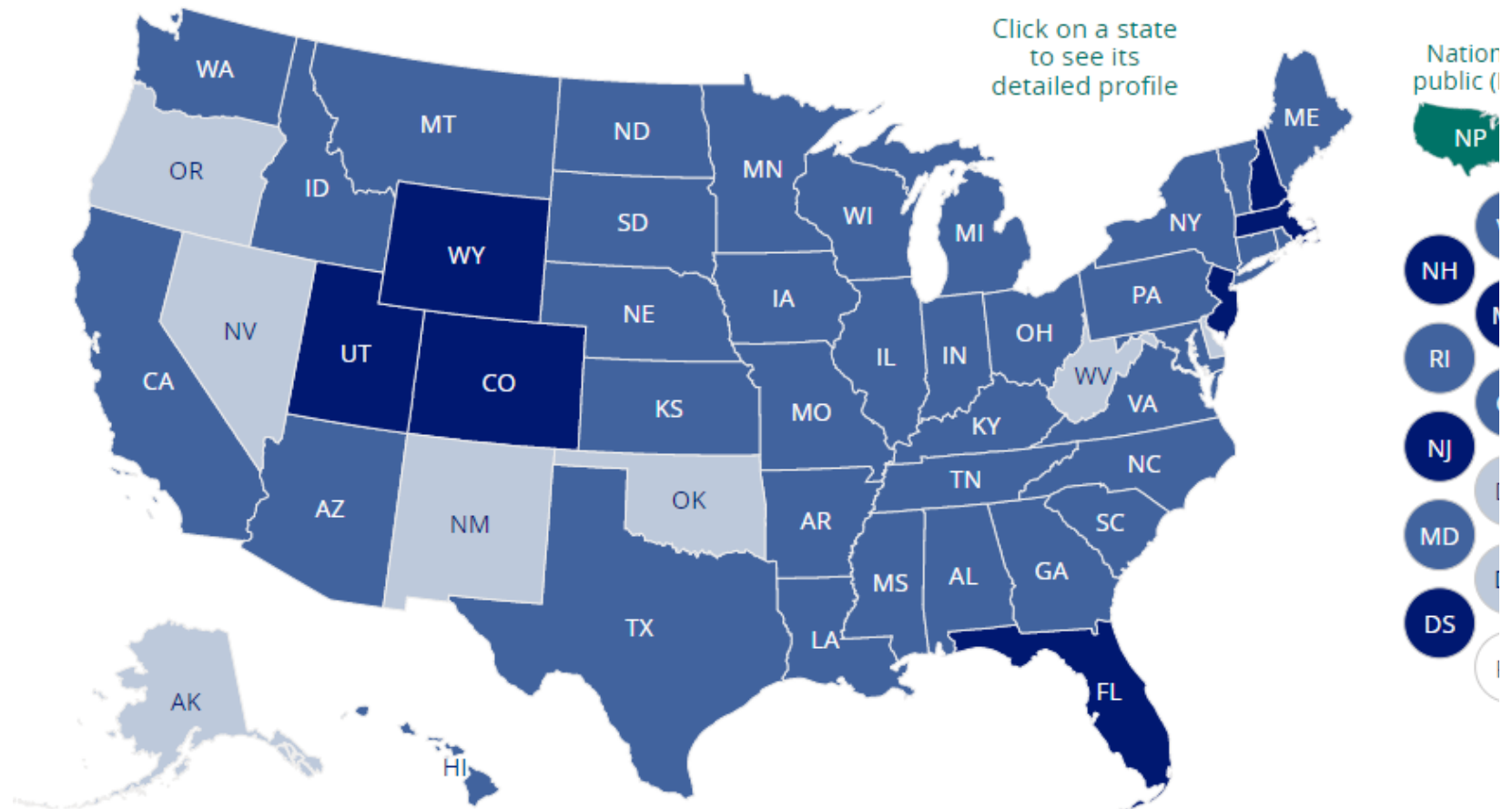
■ Top 10 States for **Inbound** Migration

■ Top 10 States for **Outbound** Migration

Economic Freedom in America

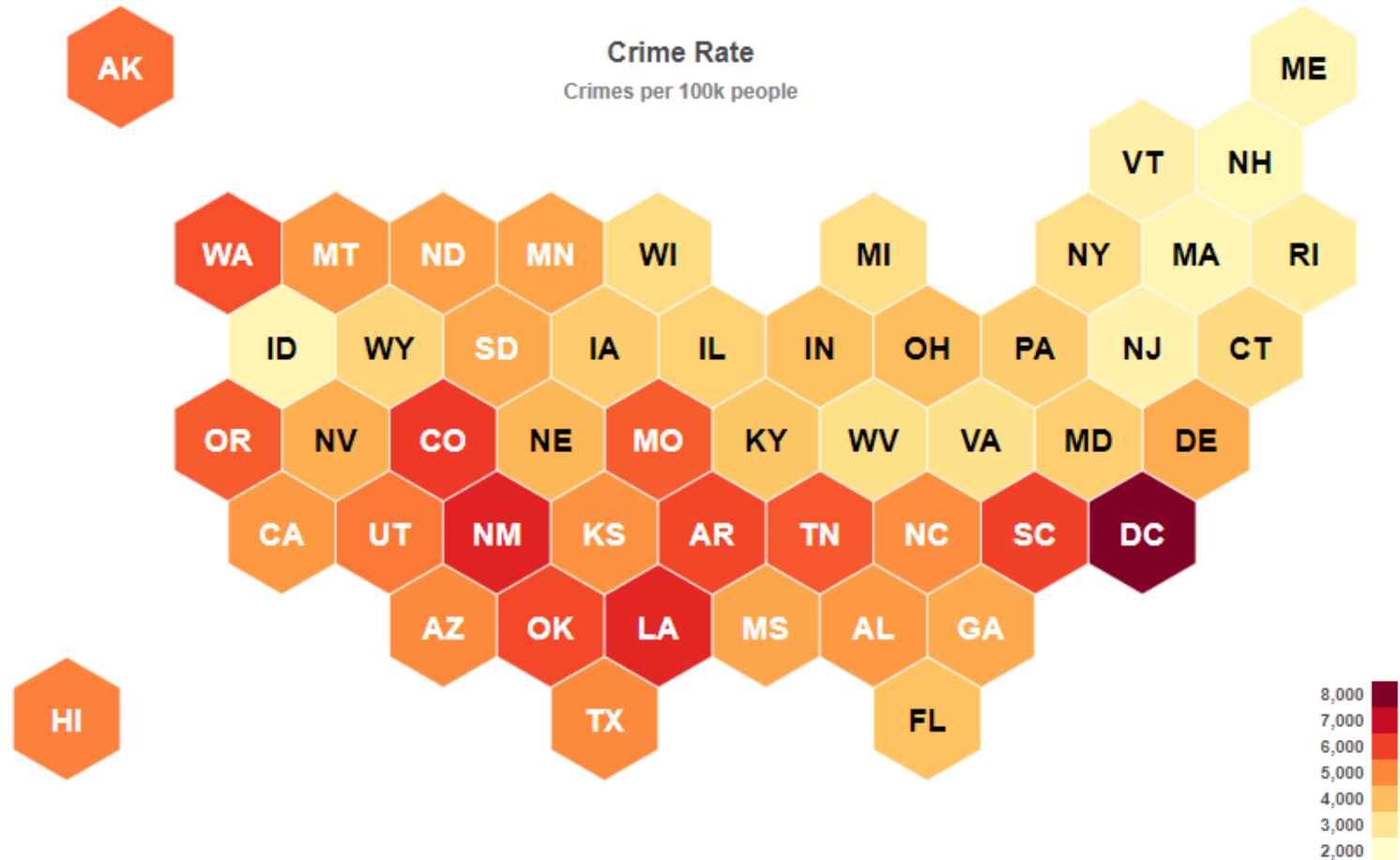


Grade 4, Difference in average scale scores between jurisdictions, for all students [TOTAL] = All students, 2022



Performance Compared to the Nation: Data Table

Crime Rate by State 2023



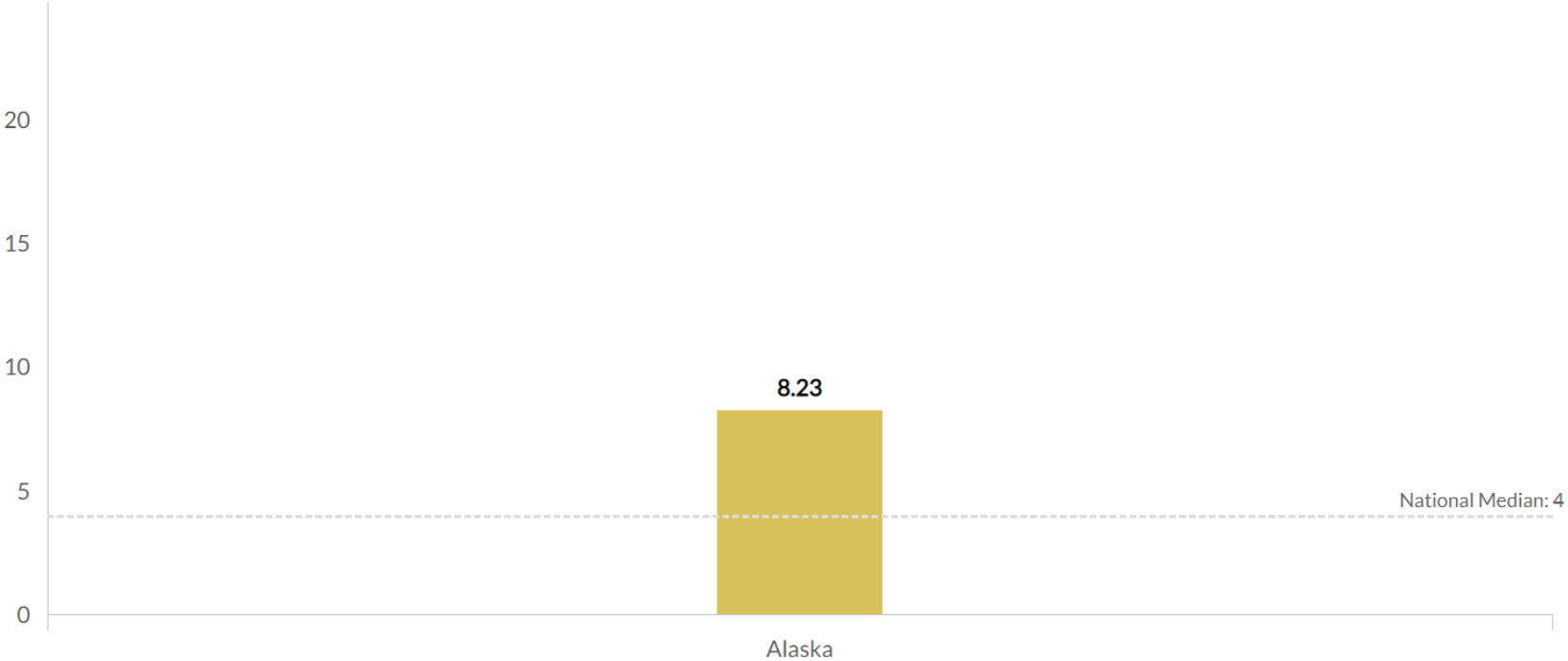
Alaska

5,358.90

ALASKA ANNUAL CRIMES

	VIOLENT	PROPERTY	TOTAL
Number of Crimes	6,030	18,152	24,182
Crime Rate (per 1,000 residents)	8.23	24.78	33.01

VIOLENT CRIME COMPARISON (PER 1,000 RESIDENTS)





- **Alaska Has a Policy Problem**

- Spending/Capita 50th Highest
- Debt/Capita 43rd Highest
- Corporate Income Tax Rate 45th Highest
- Welfare Dependency 10th most-dependent
- Union Control 13th most-control
- Education Choice 28 States have more options

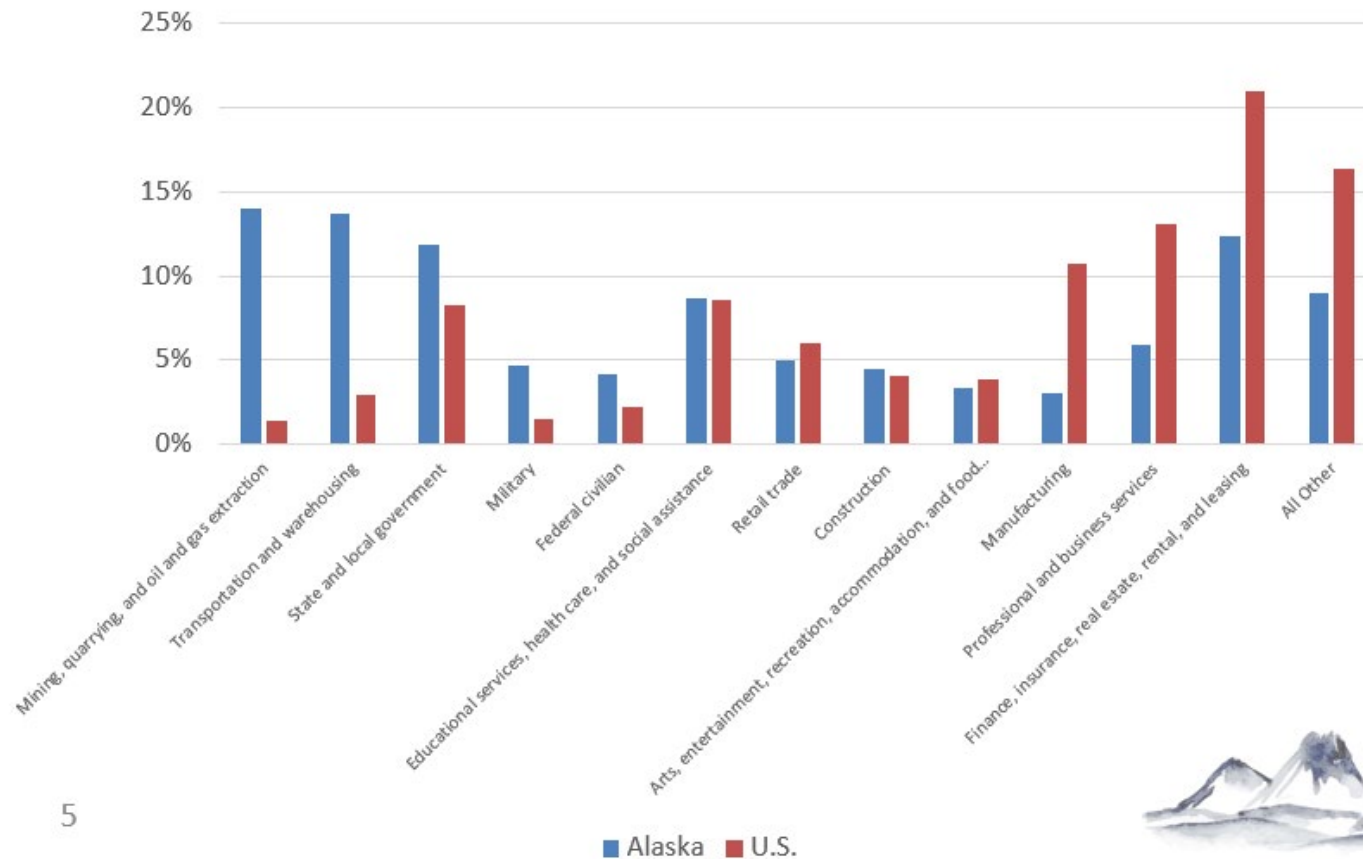
Spending per
capita:

50th Highest

Location 	Per Capita State Spending 
Alaska	\$16,288
Florida	\$3,987
Louisiana	\$6,682
Montana	\$7,643
South Dakota	\$5,468
Wyoming	\$8,156

Another Way to Compare ...

Alaska and U.S. GDP, Percentages of Total, 2021

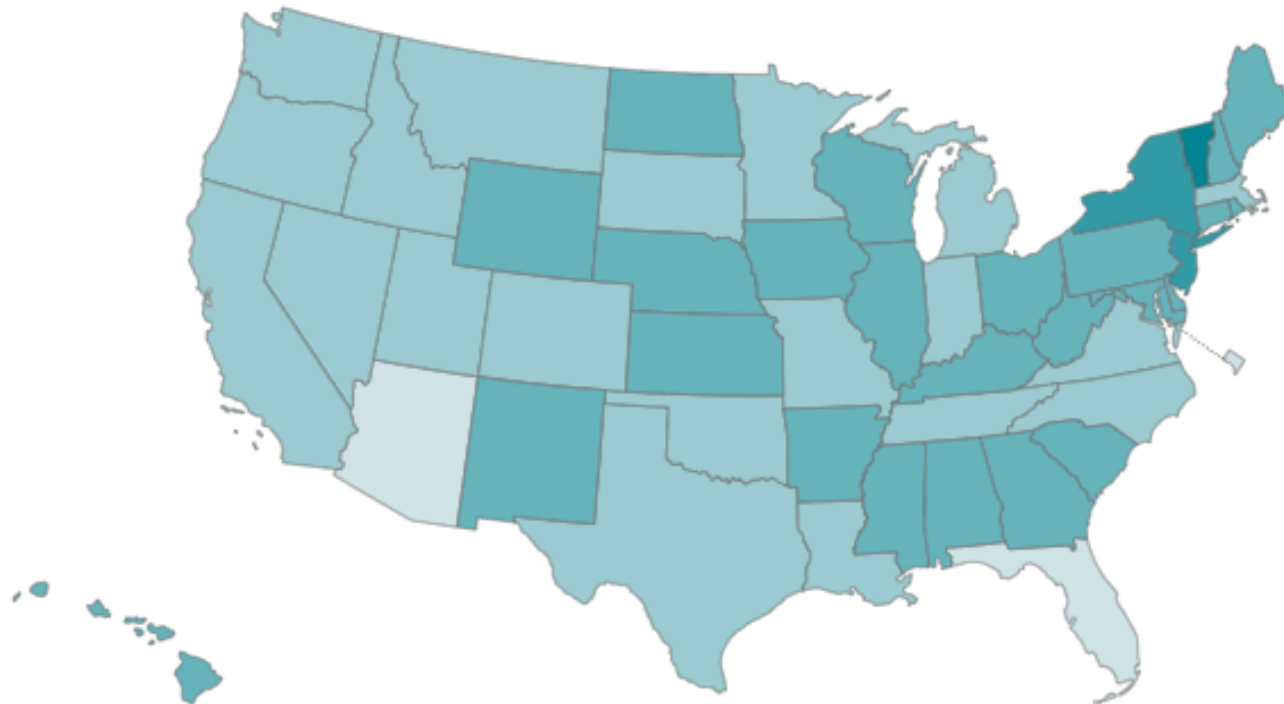


Public Elementary-Secondary School System Finances



Select a category of finances to display

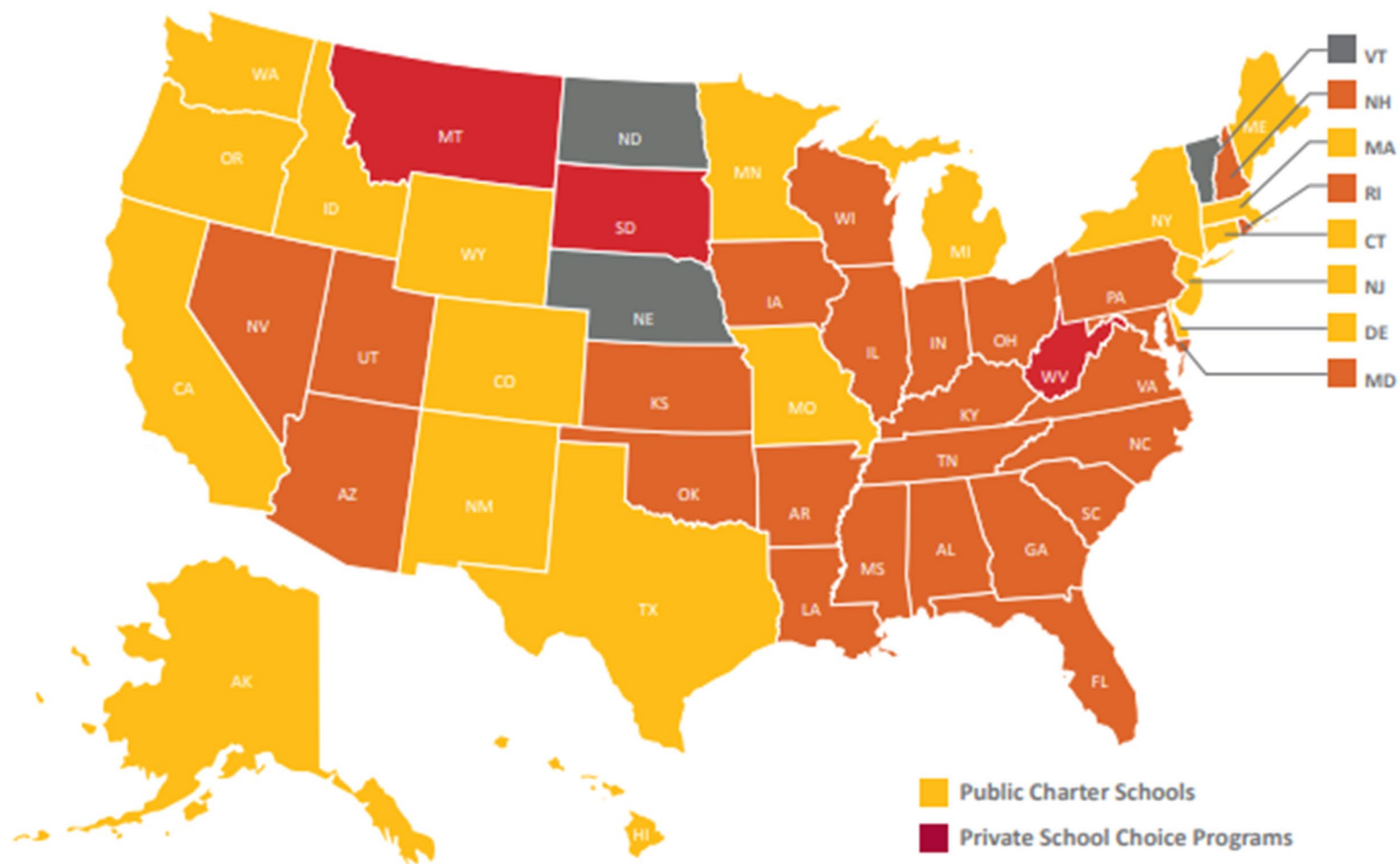
Ratio, Current spending per \$1,000 of personal income



FY 2019 spending in dollars

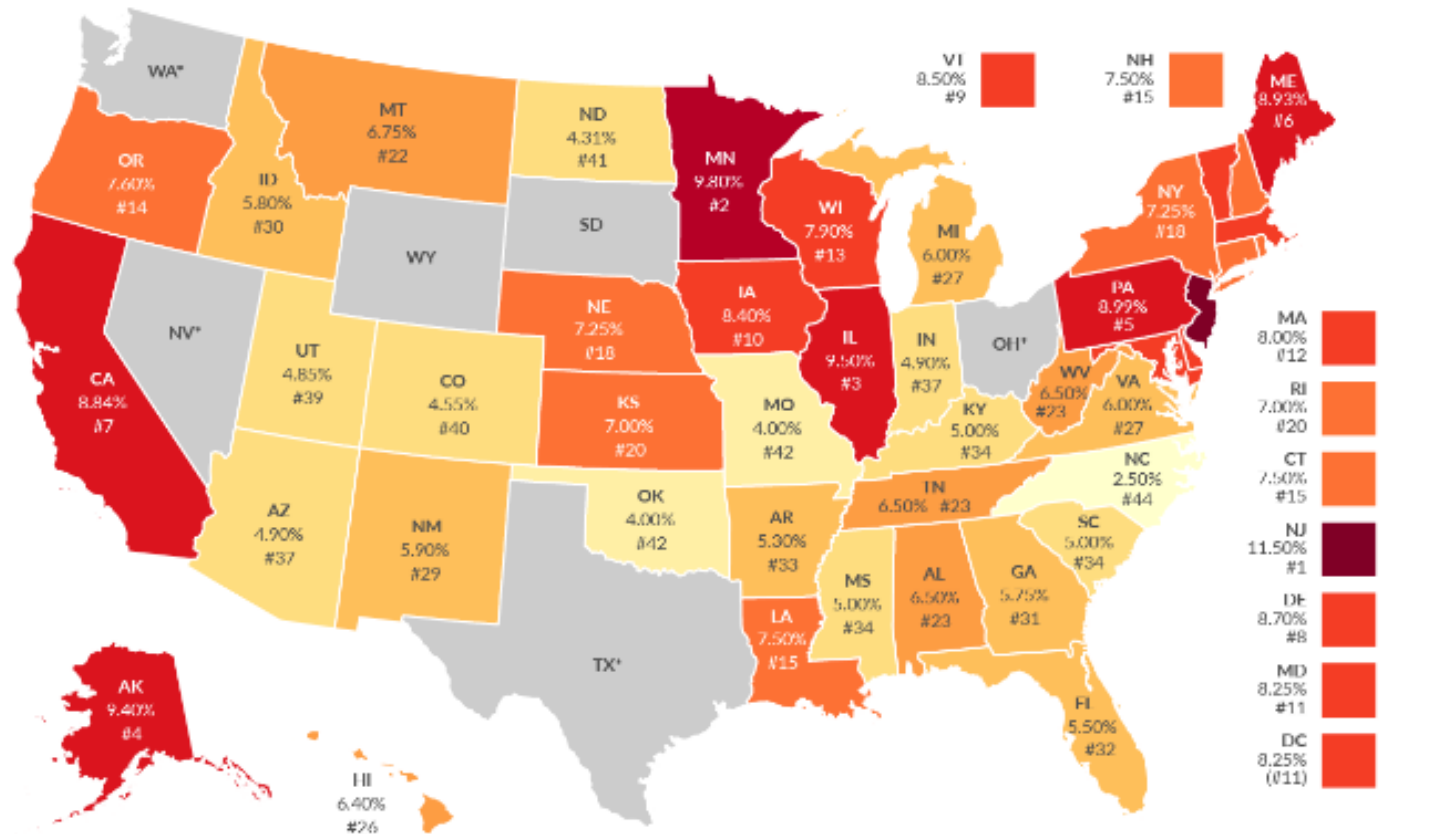
- 51.50 to 55.49
- 45.50 to 51.49
- 35.50 to 45.49
- 25.50 to 35.49
- 20.00 to 25.49

FIGURE 4: STATES WITH SCHOOL CHOICE OPTIONS



How High are Corporate Income Tax Rates in Your State?

Top Marginal Corporate Income Tax Rates as of January 1, 2023



Note: In addition to regular income taxes, many states impose other taxes on corporations such as gross receipts taxes and franchise taxes. Some states also impose an alternative minimum tax and special rates on financial institutions.

*Nevada, Ohio, Texas, and Washington do not have a corporate income tax but do have a gross receipts tax with rates not strictly comparable to corporate income tax rates. Delaware, Oregon, and Tennessee have gross receipts taxes in addition to corporate income taxes, as do several states like Pennsylvania, Virginia, and West Virginia, which permit gross receipts taxes at the local (but not state) level.

Top State Marginal Corporate Income Tax Rates



FIGURE 2, TABLE 2 | Total Bonded Obligations Per Capita

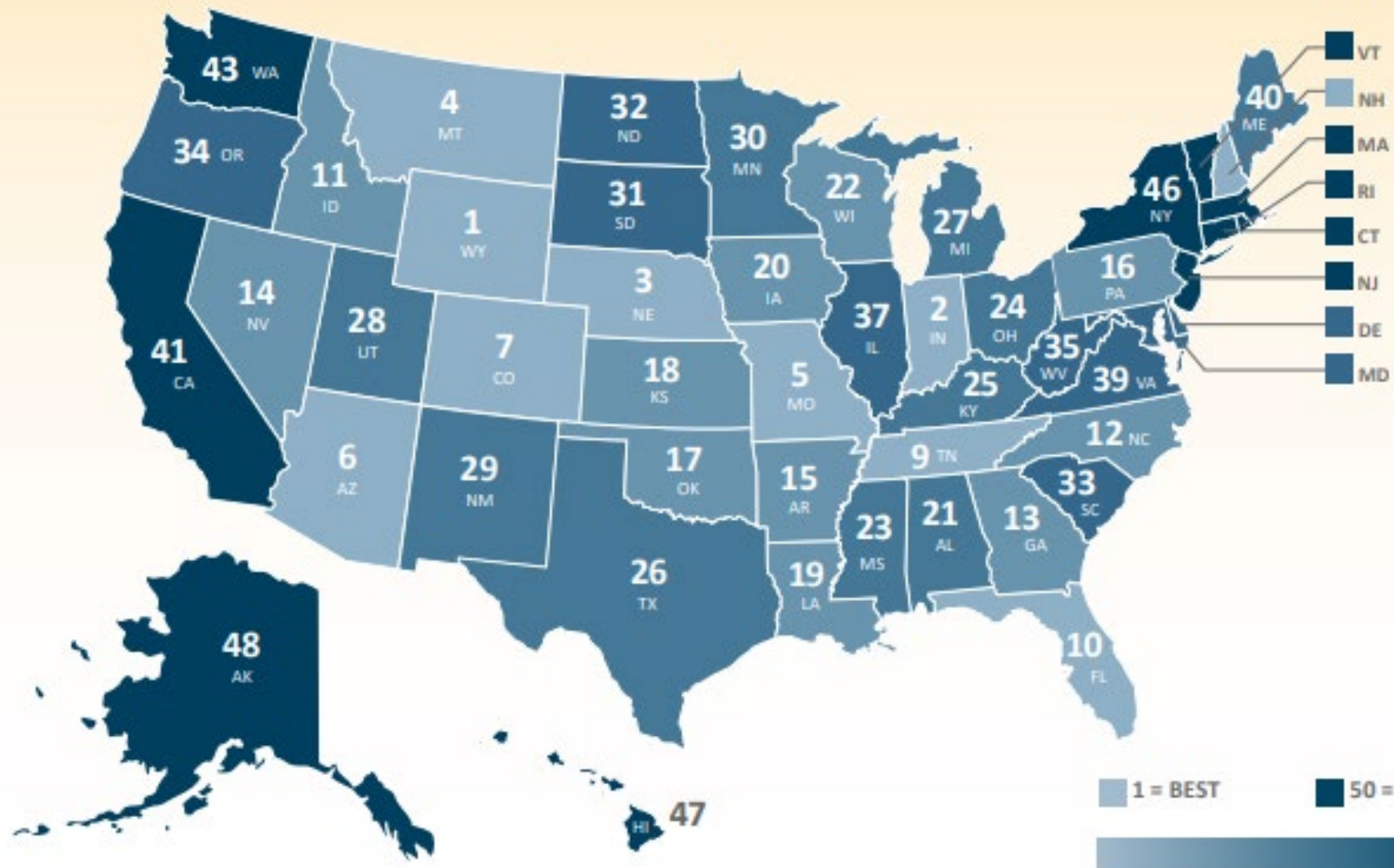
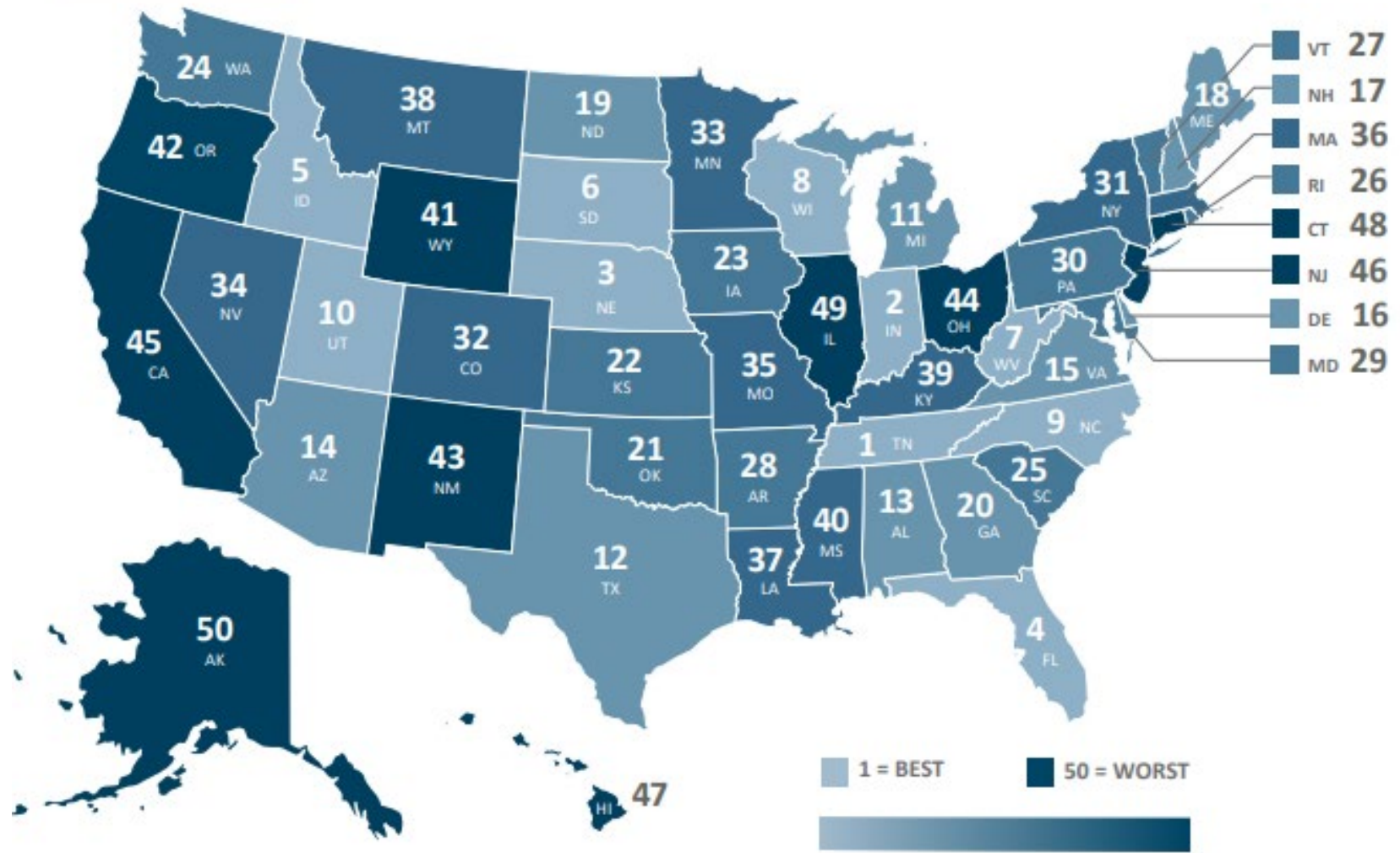


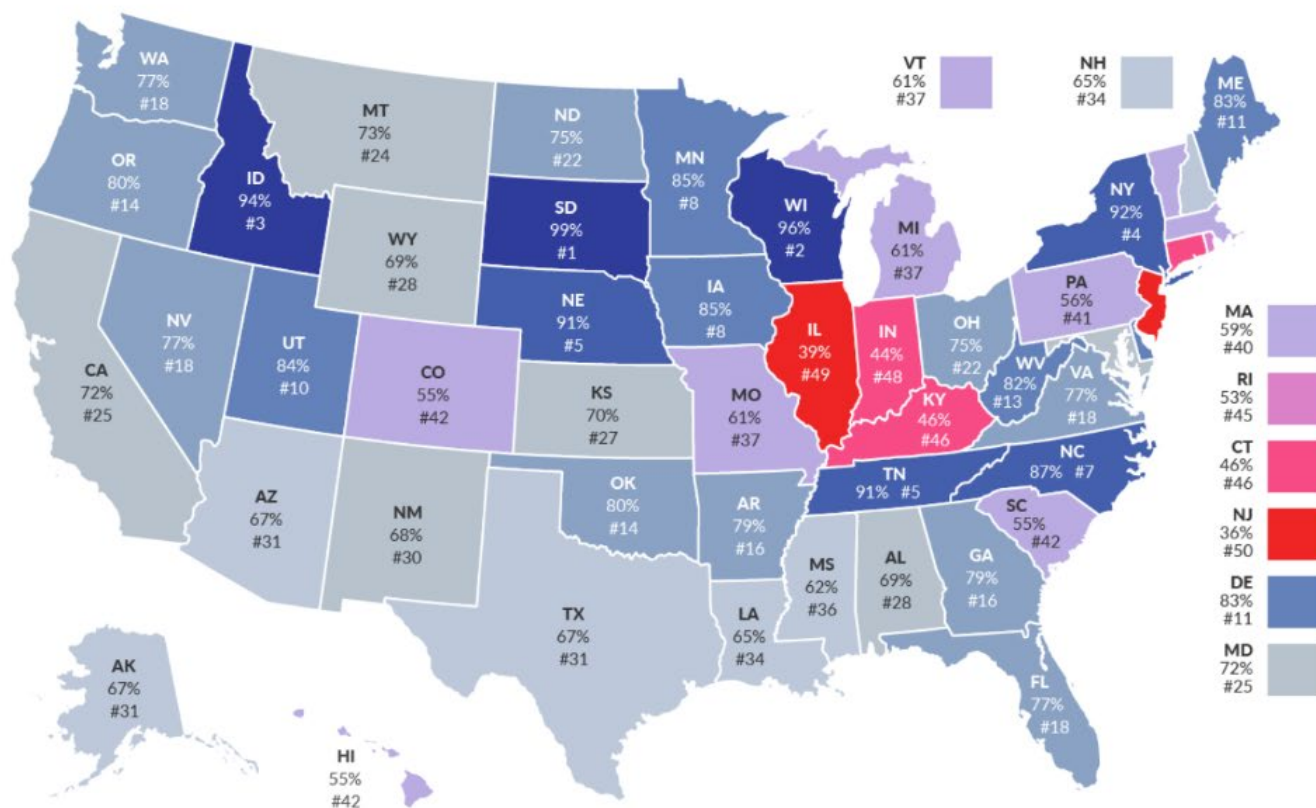
Figure 2, Table 2

Total Unfunded Pension Liabilities Per Capita, 2021

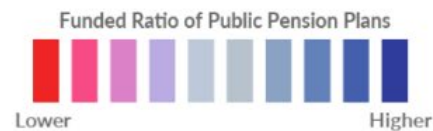


How Well-Funded Are Pension Plans in Your State?

Funded Ratio of Public Pension Plans, Fiscal Year 2019



Note: Funded ratio is defined as the level of assets in proportion to accrued pension liability.
Source: Truth in Accounting Pension Database (2019).



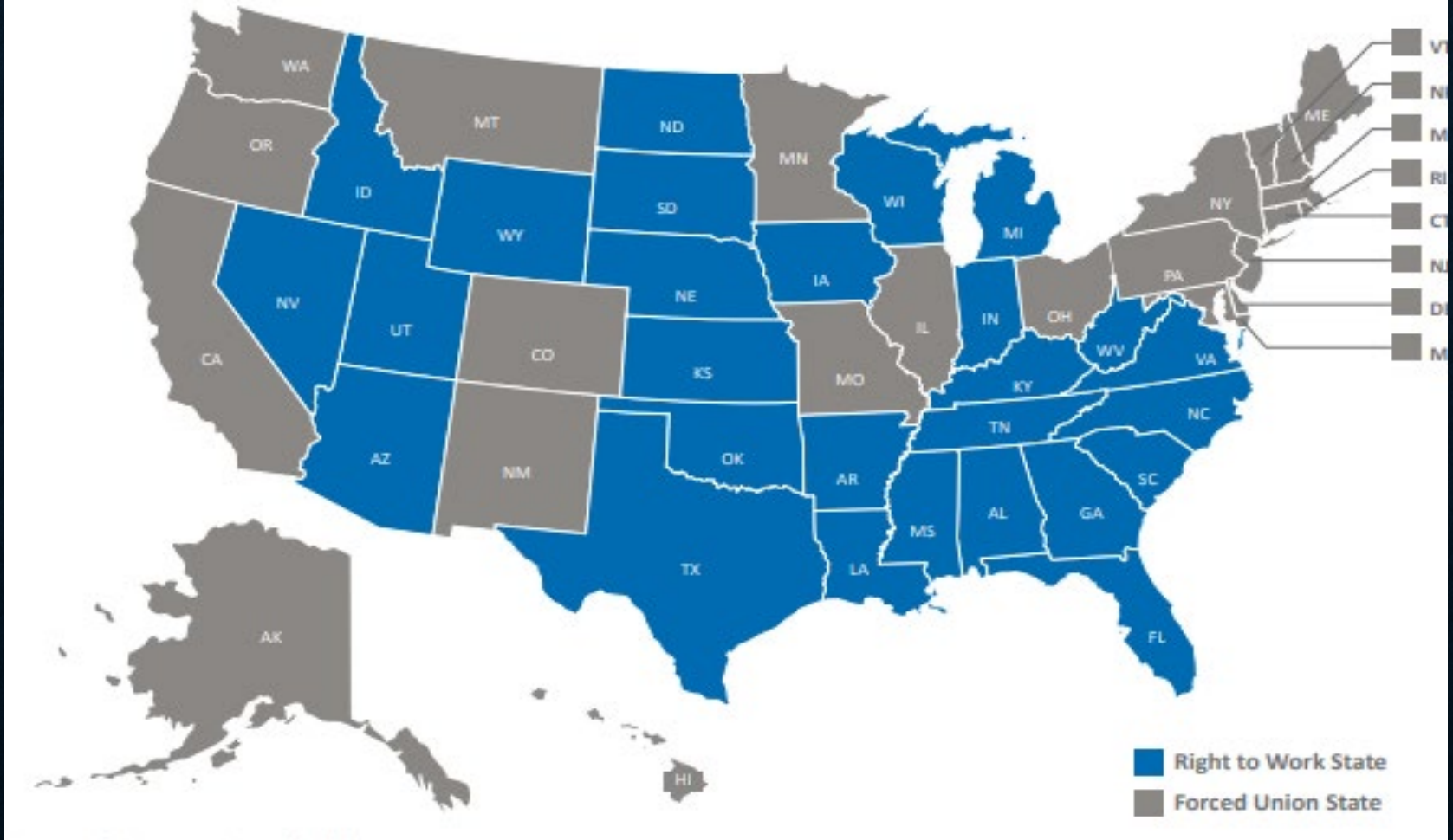
**Welfare
Dependency**

State	Rank	State	Rank
South Dakota	1	Maryland	26
Utah	2	Montana	N/A
Virginia	4	Indiana	29
Wyoming	4	Wisconsin	29
Nevada	5	Arizona	31
Nebraska	7	New Jersey	31
Texas	7	Delaware	33
Georgia	8	Hawaii	33
North Dakota	9	Minnesota	34
Oklahoma	10	Oregon	35
Tennessee	11	Connecticut	36
Kansas	12	Pennsylvania	37
Florida	13	Arkansas	38
Idaho	14	Alaska	40
Colorado	15	California	40
North Carolina	16	Massachusetts	41
South Carolina	17	Ohio	42
Iowa	18	Kentucky	44
Alabama	20	Maine	44
New Hampshire	20	Michigan	45
Illinois	21	West Virginia	46
Missouri	22	Rhode Island	47
Mississippi	24	New York	48
Washington	24	Vermont	49
Louisiana	26	New Mexico	50

**WELFARE
DEPENDENCY
10TH WORST**

UNION CONTROL OF BOTH GOVERNMENT AND THE PRIVATE SECTOR

FIGURE 5: RIGHT TO WORK STATES IN 2021



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CALENDAR FOR WAYS & MEANS

- Over the next six-eight weeks we will have presentations and will hear bills on these topics to bring us to an **overall Long-term Fiscal and Economic Plan.**
- We will add Saturday meetings as needed to receive public testimony and amend and vote on bills as needed.
- We want to maximize public input and transparency.

CALENDAR FOR THE NEXT TWO MONTHS

- As Ways & Means deliberates on these aspects on a long-term fiscal and economic plan, we will ask Legislative Finance to continue to update the spreadsheets that Director Painter presented to us at our second meeting.

At the end of March, we will ask Director Painter to join us again and take us through the updates.

Then we can begin to lock in on a long-term fiscal and economic plan.

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