

ALASKA STATE LEGISLATURE
HOUSE SPECIAL COMMITTEE ON WAYS AND MEANS

April 10, 2021
11:34 a.m.

MEMBERS PRESENT

Representative Ivy Spohnholz, Chair
Representative Andy Josephson
Representative Calvin Schrage
Representative Andi Story
Representative Mike Prax

MEMBERS ABSENT

Representative Adam Wool, Vice Chair
Representative David Eastman

OTHER LEGISLATORS PRESENT

Representative Dan Ortiz
Senator Robert Myers

COMMITTEE CALENDAR

PRESENTATION(S): ECONOMIC IMPACT OF FISCAL SOLUTIONS

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

CARL DAVIS, Research Director
Institute on Taxation and Economic Policy
North Carolina

POSITION STATEMENT: Provided a PowerPoint presentation, titled "Analyzing Fiscal Solutions," dated 4/10/21.

BRAD KEITHLEY
Alaskans for Sustainable Budgets
Anchorage, Alaska

POSITION STATEMENT: Provided a PowerPoint presentation, titled "The Economic Impact of Various Fiscal solutions," dated 4/10/21.

ACTION NARRATIVE

[11:34:48 AM](#)

CHAIR IVY SPOHNHOLZ called the House Special Committee on Ways and Means meeting to order at 11:34 a.m. Representatives Josephson, Schrage, Story, Prax, and Spohnholz were present at the call to order. Also present were Representative Ortiz and Senator Myers.

PRESENTATION(S): Economic Impact of Fiscal Solutions

[11:35:23 AM](#)

CHAIR SPOHNHOLZ announced that the only order of business would be the Economic Impact of Fiscal Solutions presentation.

[11:35:55 AM](#)

CARL DAVIS, Research Director, ITEP, introduced a PowerPoint presentation, titled "Analyzing Fiscal Solutions" [hard copy included in the committee packet]. He informed committee members about ITEP, a non-profit and non-partisan research organization, on slides 2 and 3. He noted that ITEP had been performing tax policy research since 1980, adding that state policy was the organization's primary focus. ITEP's recent work in Alaska included a distributional analyses of revenue options for Alaska (2016); an assessment of the consequences of Alaska's House Bill 115 (2017); a comparison of the distributional impact of revenue options for Alaska (2017); a comparison of flat-rate income tax options for Alaska (2020).

[11:38:03 AM](#)

MR. DAVIS outlined the revenue options that would be detailed throughout the presentation on slide 4, which read as follows:

1. PFD reduction
2. Sales tax
3. Payroll tax
4. Flat income tax (no exemption)
5. Flat income tax (with exemption)
6. Graduated rate income tax

MR. DAVIS said he would be focusing on the distributional impact of the revenue options at different income levels. He added

that that order of the agenda was deliberate, such that it progressed from the more regressive revenue options to the progressive revenue options. He clarified that in the context of taxes, "progressive" referred to a higher tax rate on higher income people rather than a political ideology.

[11:39:45 AM](#)

MR. DAVIS continued to slide 5, titled "Tax Distribution Analysis: Microsimulation Modeling," which read as follows [original punctuation provided]:

- Step 1: Start with a large database of information (from IRS, Census, BLS, etc.) on income sources, deductions, consumption, property value, family size and structure, etc. in Alaska
- Assembled on a "micro" level for thousands of representative tax units
- Step 2: Run tax calculator repeatedly, for every tax unit
- Same approach used at the federal level (both executive and legislative branches) and in many state governments

MR. DAVIS discussed a hypothetical reduction of \$500 to the PFD and how that would impact families as a share of their income on slide 6. He pointed out that the PFD was a more important source of income for lower-income families. The data indicated that a reduction of that size would result in a 5 percent loss of income for the lowest 20 percent of earners and only a 0.1 percent loss for the wealthiest families. He noted that the chart on slide 6 exemplified a regressive proposal.

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REPRESENTATIVE SCHRAGE asked for the definition of a family unit.

MR. DAVIS said the unit of measurement was a tax unit, adding that the size of the tax unit could vary. He defined a "tax unit" as a group of people that filed a single federal tax return, similar to a household.

CHAIR SPOHNHOLZ inquired about the categories of family income on slide 6.

MR. DAVIS explained that tax units were grouped into quintiles [groups of 20 percent] from lowest income to highest. The top 20 percent was broken into three groups (next 15 percent, next 4 percent, and top 1 percent) because of the enormous amount of income and large variety of economic circumstances in that group [the top 20 percent].

CHAIR SPOHNHOLZ sought to confirm that the data was based on actual tax units from [2019].

MR. DAVIS answered yes.

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REPRESENTATIVE STORY asked Mr. Davis to quantify the income groups on slide 6 in terms of yearly earnings.

MR. DAVIS indicated that the lowest 20 percent represented tax units earning roughly \$25,000 or less; the middle 20 percent represented tax units earning between \$40,000 to \$70,000; the top 5 percent represented tax units earning over \$230,000. He noted that the groups represented Alaska's unique income distribution.

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MR. DAVIS introduced a hypothetical three percent sales tax on slide 7, highlighting its impact as a share of family income. He said this was also an example of a regressive tax, although less so than the PFD reduction because high income people paid more in sales tax since they bought more things. Nonetheless, the amount was small relative to their income due to the savings rate at the top. He expounded that because a sales tax was a tax on spending, tax units could delay paying that tax if they saved a large portion of their earnings.

CHAIR SPOHNHOLZ asked whether the three percent sales tax that was modeled in 2016 was capped. She said sales taxes were regressive because they typically capped the total amount of taxable value to \$2,500. Therefore, an individual who bought an entry level Kia could pay the same amount in sales tax as a person who bought a Hummer, for example.

MR. DAVIS clarified that slide 7 did not model a cap. He reported that Alaska localities were somewhat unusual relative to the rest of the nation for having those caps. He confirmed

that implementing a cap would make the tax even more regressive, as sales tax payments on larger purchases would be capped.

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MR. DAVIS continued discussing sales taxes around the country on slide 8. He maintained that the regressive nature of these taxes was inescapable. He emphasized that it was important not to over promise how much could be accomplished through sales tax exemptions. He pointed out that one-third to one-half of a sales tax typically fell on businesses, which was reflected in the overall price levels in a state. He remarked:

You can try to carve out rent from a sales tax base, for example, but if you're taxing lumber and you're taxing contractor services, you're going to be raising the cost of housing anyway.

MR. DAVIS concluded that sales tax influenced overall price level. He added that there were unique implications in Alaska where the statewide variation in prices was huge. He said it was easy to imagine how an individual living in an isolated area could pay 50 percent more sales tax for the same shirt as a person living in Anchorage due to the high prices in rural Alaska. He went on to address the potential impact on historically marginalized communities. He said ITEP's analyses of other states found that minority groups who were earning lower average incomes due to discrimination, tended to be disproportionately impacted by sales tax. He reported that White families in Tennessee paid about 3.9 percent of their income in sales tax whereas Black and Hispanic families paid about 5 percent. He indicated that the 30 percent premium on Black and Hispanic families was primarily because they were more likely to fall into lower income brackets where the effects of the sales tax tended to be higher. He recommended performing a racial impact statement if the legislature was seriously considering a sales tax to understand if it would have a higher impact on Alaska Native communities, for example.

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MR. DAVIS reviewed the different types of personal income on slide 9, which read as follows:

- Wages, salaries
- Retirement income (IRA, pension, annuities, Social Security)

- Business income (sole proprietorship, partnership, S corporation)
- Investment income (capital gains, dividends, interest)
- Other (PFD, unemployment, farm)

MR. DAVIS directed attention to the pie chart on slide 9, which showed that in Alaska, the major sources of personal income were salaries and wages (69 percent), retirement income (14 percent), business income (9 percent), and investment income (8 percent).

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MR. DAVIS discussed a hypothetical payroll tax of 2.43 percent on slide 10, highlighting its impact as a share of family income. In 2016, ITEP estimated that a sales tax of that size would raise about \$500 million in revenue each year. He explained that a payroll tax was progressive through part of the income distribution and regressive through others. At the lower income level, things like social security income, which would not be subject to a payroll tax, brought down the average tax rate on lower income group. He clarified that a minimum wage worker would still pay the full 2.43 percent; however, the average was brought down by people, like retirees, who would not pay a payroll tax. Alternatively, among the higher earners, the lower rates were driven by a high degree of investment income and business profit. He noted that the IRS data identified that many high earners did earn a salary, but it was proportionately less important to their overall earnings. He concluded that if capital gains, dividends, and business profits were exempt from taxation, the overall tax rate on high income earners tended to be low.

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REPRESENTATIVE SCHRAGE sought to confirm that "family income" referred to the combined personal income of the family unit.

MR. DAVIS answered yes.

[11:55:58 AM](#)

MR. DAVIS reviewed the impact of a hypothetical flat rate income tax of 2.5 percent with no exemption on slide 11. He noted that this was a flat tax levied on all the aforementioned types of personal income. He added that the federal statutory definition of income was adjusted gross income (AGI), which was what most

states utilized when crafting their own income tax. He indicated that a flat tax on AGI, as shown on slide 11, resulted in a flat distribution across income levels. The progressivity depicted in the lower earners was because this model excluded the PFD from taxation; further, a tax break on social security income was embedded in federal AGI, which tended to benefit people at the "bottom." He stated that the flat-rate income tax was close to being a proportional tax in that it was neither regressive nor progressive. He examined another flat-rate income tax on slide 12; however, this model added a base exemption level, such that the first \$10,000 in earnings (\$20,000 for married couples) would not be subject to this tax. He explained that the base exemption would keep extremely low-income families off the tax rolls and offer a proportionately larger tax cut to moderate income families. He expounded that a \$10,000 exemption on a \$30,000 earner would shelter one-third of his/her income from tax; alternatively, that exemption would only offer a tax cut of 10 percent for \$100,000 earners.

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MR. DAVIS continued to slide 13, which modeled a progressive income tax with varying rates from 0-7 percent on a base that was linked to federal AGI with some additional exemptions. The intention was that high-income families would pay higher tax rates, he said. He further noted that this kind of tax was utilized by the federal government. Slides 14-16 presented a standardization across the four different policy options that were calibrated to raise the same amount of money for the state. He said the data showed how each of the four options would impact families at different income levels. Slide 14 highlighted the impact on low-income Alaska residents, indicating that a PFD cut (red bar) would be the costliest option for those residents. A progressive income tax (grey bar) with an exemption would cost low-income families very little depending on the exemption level. Sales taxes (yellow bar) and payroll taxes (blue bar) would fall between the two extremes. Slide 15 examined the impact on middle-income residents, for which the differences were less pronounced but still notable. A PFD cut would still be the costliest option for middle-income families, whereas a personal income tax - depending on the level of exemption - would still be the least costly option. Slide 16 illustrated the impact on high-income residents, indicating that a personal income tax would be the costliest option for them. A sales tax or PFD cut would have minimal impact on high-income residents and a payroll tax would fall somewhere in the middle.

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MR. DAVIS turned to slide 17, which compared a \$500 million sales tax to a \$500 million personal income tax. He reported that low-income groups were more impacted by the sales tax and high-income groups were more affected by the income tax. He suggested that most Alaskans would likely pay less under an income tax, a point that was summarized on slide 18. He explained that ITEP's analysis found that about four out of five Alaskan families would pay less under a progressive income tax as opposed to a sales tax. Slide 19 reiterated that most families in Alaska would be impacted more by a PFD reduction than a progressive income tax. Mr. Davis shared a quote about taxes and economic growth from a literature review of 27 academic articles by Michael Mazerov, CBPP, on slide 20, which read as follows:

- "Some studies by reputable economists ... find that above-average state and local taxes have a measurable and consistently adverse impact on state economic performance. However, many equally reputable studies reach the opposite conclusion, and the results of many more are mixed, ambivalent, or show that any adverse impacts are small. There is simply no consensus..."

MR. DAVIS said the overall literature on state taxes and the economy suggested that the effect was "a mixed bag." Some studies indicated that a high-income tax or high taxes in general could be damaging to a state's economy, whereas other studies showed that they could be beneficial in instances where the money was invested in education and infrastructure. He opined that the effect of state taxes on the statewide economy was often exaggerated. He believed there was not much difference between a sales tax and an income tax from an economic growth perspective. He said raising tax dollars and reinvesting them in the community through infrastructure, education, and other quality of life improvements should provide real economic benefits over the long term.

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MR. DAVIS directed attention to slide 21, which examined job creation in states that had recently enacted significant tax increases. The takeaway was that the effect varied. He recommended being conscious of economic consequences and to steer clear of any hyperbole. He added that Alaska was fortunate in that it had gotten by without taxes for this long.

He concluded that [the legislature] should not be overly concerned with economic impact if they were prudent with state spending.

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CHAIR SPOHNHOLZ said a common perception was that passing a progressive tax would stifle a state's economic growth. She asked whether Mr. Davis had suggested that there was no clear evidence for or against that theory.

MR. DAVIS relayed that ITEP had performed a study on states with high income taxes compared to states with no income taxes. The findings suggested that there was no significant difference in terms of economic growth. Additionally, he quashed the concern that taxing the wealthy would cause them to leave by citing research that showed there was no significant outmigration of high-income residents based on tax rate. He affirmed that dynamic economies with higher tax rates at high-income levels existed.

CHAIR SPOHNHOLZ asked whether there were other states without an income or sales tax.

MR. DAVIS answered New Hampshire; however, he noted that New Hampshire was raising its taxes on residents by other means, including investment income and an exceptionally high property tax. He added that overall, Alaska was still a lower tax state compared to New Hampshire for its residents, as a significant amount of money was raised from oil.

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REPRESENTATIVE JOSEPHSON referenced studies on national happiness and asked whether there was research that reflected "the mood of the electorate satisfaction with their governments and their lifestyles" that might be relevant.

MR. DAVIS said he was not well versed in that literature. Nonetheless, he pointed out that he paid his taxes as a civic duty and a contribution to society for the schools his kids would attend and the roads he drove on every day. He opined that these investments were the fabric that held society together, which was the reason for taxes in the first place. He believed it was important to keep investments funded by taxes.

CHAIR SPOHNHOLZ observed that a PFD reduction was one form of a tax. She said ITEP's analysis clarified that the highest earners were the only group that wouldn't be impacted by a PFD cut, which was important to note when considering distributional impacts, she said. She emphasized that a PFD reduction would have a significant impact on the poorest and would essentially function as a tax if an individual's income were to drop by \$2,000 without the dividend.

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CHAIR SPOHNHOLZ thanked Mr. Davis and introduced the next presenter, Brad Keithley.

[12:15:16 PM](#)

BRAD KEITHLEY, Alaskans for Sustainable Budgets, introduced a PowerPoint presentation, titled "The Economic Impact of Various Fiscal Solutions" [hard copy included in the committee packet]. He began on slide 2, which outlined the following agenda for the presentation [original punctuation provided]:

- What are the measures of economic impact
- The studies:
 - 2016 ISER Study & follow ups
 - 2019 Buckley Institute Study
 - 2020 Tax Foundation Study
- Balancing the impacts
- This presentation does not address the economic impact of changes in oil or corporate taxes

MR. KEITHLEY contextualized the discussion on slide 3. He said he would be talking about the economic impact of various available options for closing the persistent budget deficits that lay ahead for Alaska. The slide featured his version of a 10-year forecast using the current futures prices of oil. The forecast showed a continued 10-year deficit at an average of \$700 million. He reiterated that competing alternatives for closing that deficit would be discussed in the presentation, each alternative with its own set of economic impacts. He indicated that the goal was to identify the alternative, or alternatives, with the least adverse economic impact. He noted that currently, the option with the largest adverse impact on the overall economy was being utilized. He proceeded to slide 4, titled "Measuring the economic impact," which read as follows [original punctuation provided]:

- 2016 ISER Study looked at four impacts on 10 options:
 - Income
 - Jobs
 - Distribution (by income level)
 - Regional
- The Buckeye & Tax Foundation studies are more limited

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MR. KEITHLEY turned to slide 5, which listed 10 options that ISER considered for closing the deficit:

- Spending Cuts:
 - Workers
 - Capital
 - Broad-based
 - Pay
- Revenues:
 - Income tax: progressive
 - Income tax: 'flat-rate'
 - Dividend cut
 - Sales tax: more exclusions
 - Sales tax: fewer exclusions
 - Property tax

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MR. KEITHLEY proceeded to slide 6, which examined the output from the 2016 ISER study. The output featured a high and low scenario for the income and employment impacts of each of the 10 options. Slide 7 simplified the findings by presenting midpoints, which averaged the low and high scenarios for each option. He highlighted that the dividend cut had the highest impact on income, as the adverse effect was 7 percent higher than any other revenue option. Additionally, he reported that using PFD cuts to fund the fiscal gap would have a higher adverse impact on income than any of the spending cuts. He noted that the spending cuts tended to have a higher impact on jobs. Nonetheless, the adverse impact of the PFD cut was still 9 percent higher than the next highest revenue option when considering the impacts on employment.

CHAIR SPOHNHOLZ acknowledged that the ISER study cited two separate metrics: income impact and employment impact. She believed that from a policy standpoint, it was important to

consider both. She further noted that spending cuts to state employees meant a significantly larger number of lost jobs, which tended to be middle class jobs. She said this was a significant number for policy makers to consider in addition to the income impacts of a PFD reduction.

MR. KEITHLEY concurred. He added that it was important to understand that the dividend cut had a higher adverse impact on employment than any other revenue approach.

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MR. KEITHLEY detailed ISER's distributional analysis, which showed the impact at different income levels. He noted that this data corresponded closely with ITEP's distributional analysis, indicating that the PFD cut would have a higher impact on lower- and middle-income Alaskan families than any other option. He addressed the regional impact on slide 9, which read as follows [original punctuation provided]:

"We would expect variation in revenue impacts by region -

... lower-income regions are likely to be affected relatively more by dividend cuts and sales taxes, which have relatively greater effects on lower-income groups.

... Higher-income regions are likely to be affected relatively more by income taxes, which have relatively greater effects on higher-income groups."

MR. KEITHLEY summarized that the regional impact followed the distributional impact. He added that all approaches [to closing the deficit] would have a distributional impact on income and therefore, a regional impact. Slide 10 highlighted the follow-up studies conducted by ISER, which supplemented the 2016 study. In 2017, the first follow-up study looked at what closing the state budget gap would cost Alaska families; the second follow-up study examined the PFD and poverty in Alaska.

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MR. KEITHLEY reviewed the notable findings from the ISER studies on slide 11, which read as follow [original punctuation provided]:

- "The impact of the PFD cut falls almost exclusively on residents, and it is highly regressive, so it has the largest adverse impact on the economy per dollar of revenues raised." (2016 Short-Run Report)
- "A cut in PFDs would be by far the costliest measure for Alaska families. ... Sales taxes would be the next costliest for households with children. ... The effects of any of the fiscal options on incomes of households without children would be much the same." (2017 Cost to Families)

MR. KEITHLEY pointed out that cutting the PFD had the largest adverse impact because it was the only revenue approach that would take all the money from Alaskans only. Alternatively, non-residents would be contributing to a sales or income tax. Slide 12 continued to summarize the notable findings from ISER as follows [original punctuation provided]:

- "The PFD:
 - ... annually lifts 15,000-25,000 Alaskans out of poverty, depending on the size of the dividend.
 - ... reduces the number of Alaska Native living in poverty by one-quarter.
- "Reducing the PFD by \$1,000 will likely increase the number of Alaskans below the poverty line by 12-15,000 (2% of Alaskans)." (2016 PFDs and Poverty in Alaska)

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MR. KEITHLEY transitioned to the 2019 Buckeye Institute Report on slide 13, which read as follows [original punctuation provided]:

- No distributional or regional analysis
- Notional argument for reduced govt spending
- Analysis of revenue alternatives
 - Static (projected)
 - "Dynamic" ("predicts how individuals, households, and businesses will alter their economic choices in response")

MR. KEITHLEY discussed the Buckeye Institute's analysis of various revenue options on slide 14. The revenue options

included a sales tax, a "flat" (payroll) income tax, a progressive income tax, and a proportional (taxes paid) income tax. He pointed out that the sales tax had an advantage over the income taxes in terms of GDP and investment; however, sales tax had a larger adverse impact (per \$100 million raised) on jobs and consumption than any other revenue option. He concluded that the Buckeye Institute Report found "no clear winner" among the various revenue approaches.

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REPRESENTATIVE PRAX opined that the findings on sales tax seemed counterintuitive.

MR. KEITHLEY noted that much of Alaska's GDP was driven by oil. That aside, he explained that GDP was affected by many things, including investment and manufacturing. He pointed out that as sales tax had a lower impact on investment, it would help drive a (relatively) positive impact on GDP.

REPRESENTATIVE PRAX asked how many "iterations" the Buckeye Institute performed.

MR. KEITHLEY said he never reviewed the appendix that discussed the dynamic model.

[12:38:35 PM](#)

CHAIR SPOHNHOLZ asked Mr. Davis to comment on the dynamic modeling that was used in the 2019 Buckeye Institute Report and its findings.

MR. DAVIS agreed with Representative Prax. He said it was surprising to see the results showing GDP and jobs moving in "such different ways." He believed that ISER had done more to account for the effect of government spending, which was significant to a state level dynamic score. He opined that dynamic modeling was a more speculative analysis due to the many assumptions involved in its creation. He added that dynamic models had a reputation for being "gameable," indicating that they could be used to produce a large range of results. He said he tended to approach this kind of analysis with a skeptical view.

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MR. KEITHLEY resumed the presentation on slide 15, which introduced the 2020 Tax Foundation Study as follows [original punctuation provided]:

- No distributional or regional analysis
- Notional arguments for "reallocations (POMV 50/50), reductions (spending) & revenues"
- Notional analysis of sales, income, motor fuel and oil & gas taxes

MR. KEITHLEY shared the notable arguments by the Tax Foundation on slide 16, which read [original punctuation provided]:

Sales tax: Because it is imposed on consumption rather than on labor, the economic impact of a sales tax is smaller and collections are less volatile than under tan income tax. To reduce distributional effects, sales taxes also should be broad based, to include both goods and services.

Motor fuel tax: While the revenues a motor fuel tax could raise are insufficient to the task of closing Alaska's revenue gap, an increase could make sense particularly since its effects on the state's overall competitiveness would be modest.

MR. KEITHLEY highlighted that the Tax Foundation made a strong argument that if Alaska implemented a sales tax, it should be a sales tax that would apply to both goods and services.

[12:44:01 PM](#)

MR. KEITHLEY addressed "flat taxes" on slide 17 and emphasized the importance of identifying the tax base. ISER used taxable income as the tax base for its flat tax, which had a smaller base and required a higher percentage to generate the same amount of revenue. Buckeye used a payroll tax as the tax base, whereas the Tax Foundation utilized AGI. Additionally, ITEP used AGI with exemptions for its December 2020 study. He explained that someone could not support a flat tax without first identifying its base. He progressed to slide 18, titled "Way Forward: Balancing the Impacts," which read as follows [original punctuation provided]:

- Determining the overall economic impact of each option requires balancing various criteria:

income, jobs, investment, distributional & regional impact

- No clear "best": For example, viewed from some criteria, a sales tax has the lowest impact, but it is unavoidably regressive and has a disproportionately higher adverse impact on mid & lower income Alaska families (and regions) than other alternatives

MR. KEITHLEY continued reviewing the impacts on slide 19, which read [original punctuation provided]:

- But a clear worst: PFD cuts have all the "largest adverse impact" both on the overall Alaska economy & Alaska families of the revenue options
- We support a flat tax (based on AGI) because:
 - It has a relatively low impact on all factors
 - Is distributionally (sic) (and regionally) neutral
 - Importantly, also ensures that ALL Alaska families have the same "skin" in govt spending

MR. KEITHLEY thanked the committee for the opportunity to share his thoughts on various solutions for Alaska's economy.

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REPRESENTATIVE SCHRAGE agreed that at the very least, the solution needed to spread the burden without disproportionately targeting low-income families and regions. He pointed out that if no action was taken to solve the deficit, that would also disproportionately affect low-income families and regions that depend on state services. He asked whether Mr. Keithley agreed that doing nothing was as poor an option as cutting the PFD.

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MR. KEITHLEY clarified that doing nothing was essentially the spending cut option, which was included in the 2016 ISER study. He confirmed that cutting services for low-income families would have a disproportionately adverse impact on them. He said another option was overdrawing the ERA, which was essentially a tax on future generations. He maintained that the ideal approach was one that would spread the burden equitably and have a low adverse impact on the overall economy.

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REPRESENTATIVE SCHRAGE asked for information on a cost comparison between a flat tax and a progressive tax. He asked whether one was easier and cheaper to administer compared to the other.

MR. KEITHLEY said it depended on the base. He explained that if federal AGI was used as the base, they would both be relatively easy because of the ability to piggyback on the federal income tax form. He pointed out that creating a new Alaska tax would be administratively costly. He reiterated that the difficulty depended on the tax base.

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CHAIR SPOHNHOLZ encouraged members to read the ITEP studies referenced by Mr. Davis, as they provided Alaska-specific analyses.

[12:53:28 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Special Committee on Ways and Means meeting was adjourned at [12:53] p.m.