

ALASKA LEGISLATURE COMMITTEE FILES 2001-2002 8672

10418 HOUSE STATE AFFAIRS



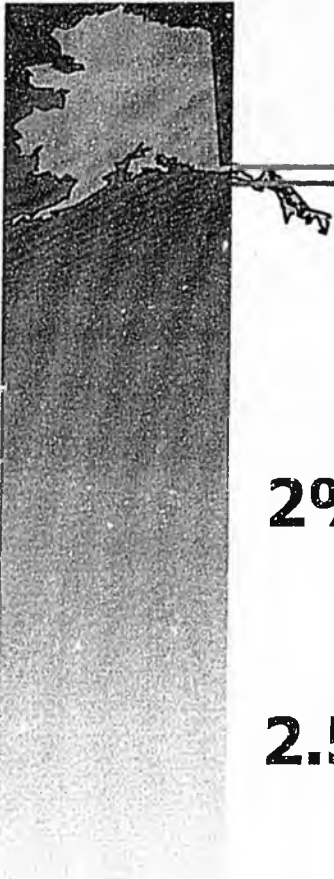
Goal

**Pay for retirement benefits during
working lifetime of employees**



Age 25
Salary \$40,000

Age 45
20 years of service
annual accrued benefit of \$18,000



2% of \$40,000 times 10 years = \$ 8,000

2.5% of \$40,000 times 10 years = \$10,000

Sum = \$18,000

/ year for life

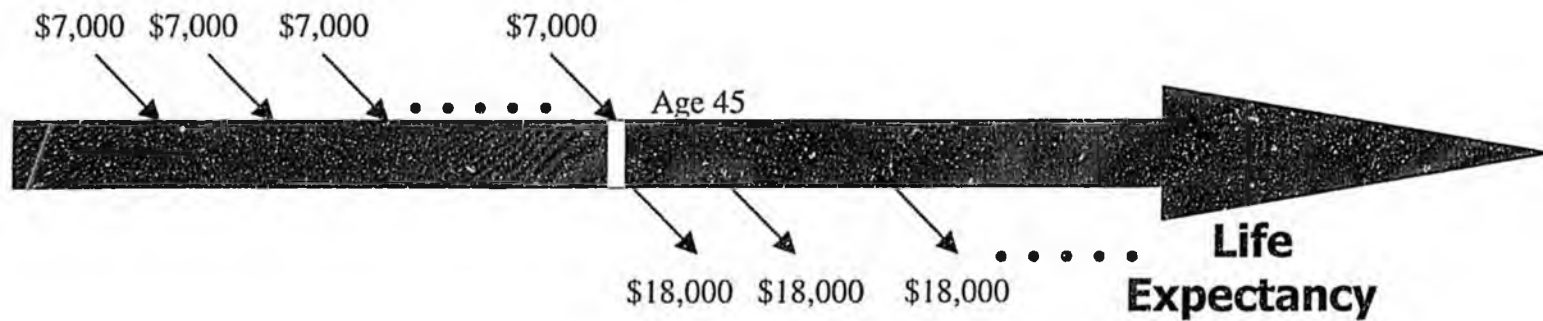


Goal

**Accumulate \$210,000 during
the employee's 20 year career**



17% of Pay





Entire System

\$

Sum of benefit values for each system participant



Accrued Liability

Future Normal Costs

All retirees

Active employees future service

Active employees past service

\$



Accrued Liability
Assets

Future Normal Costs



↑
**Unfunded
Liability**



Accrued Liability
Assets

Future Normal Costs



25 year
amortization
of unfunded
liability (past
service cost)

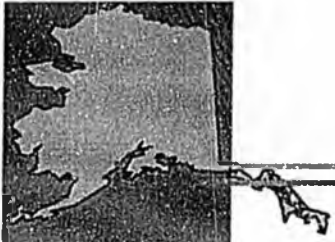
Unfunded
Liability

Normal Cost for the
coming year



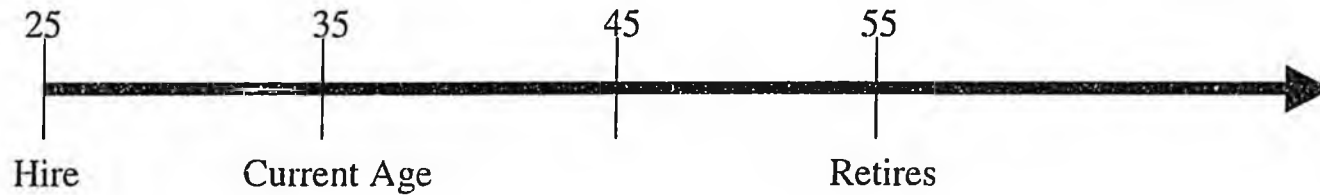
Additional Assumptions Built into the Model

- **Salary increases**
- **Medical inflation**
- **Employment patterns**
- **Cost of living adjustments**
- **Others**

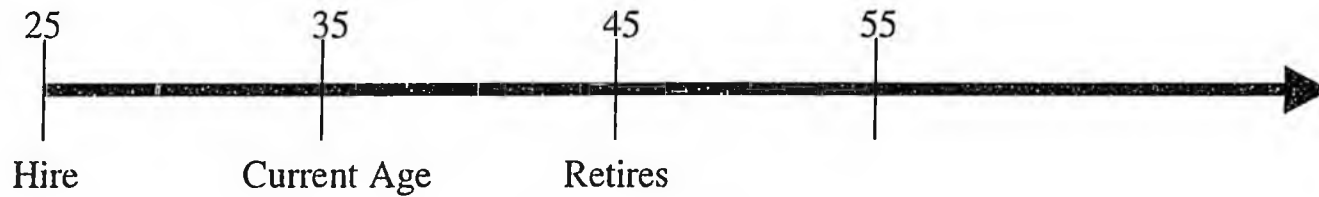


Example: **35 years old**
 10 years past service
 \$40,000 salary at retirement

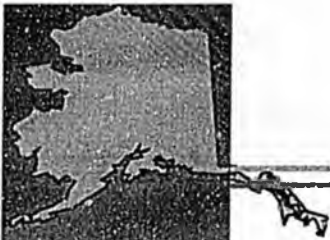
Others



Police/Fire

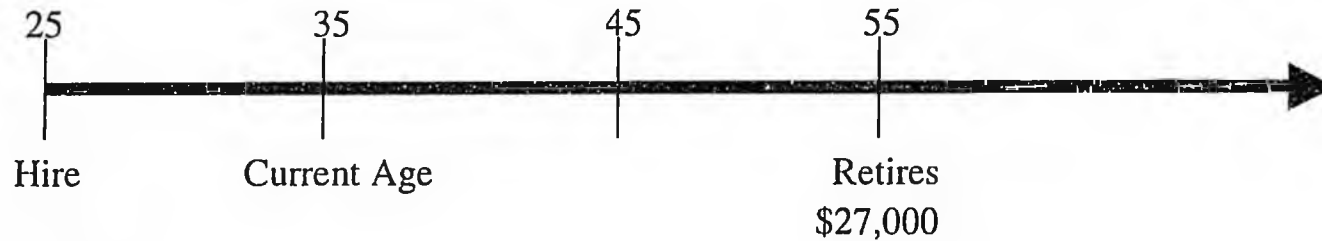


Others: **30 and out**
Police/Fire: **20 and out**



Example: 35 years old
10 years past service
\$40,000 salary at retirement

Others

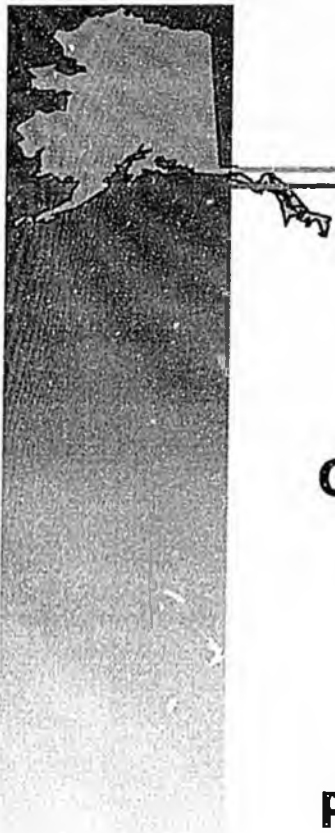


Police/Fire



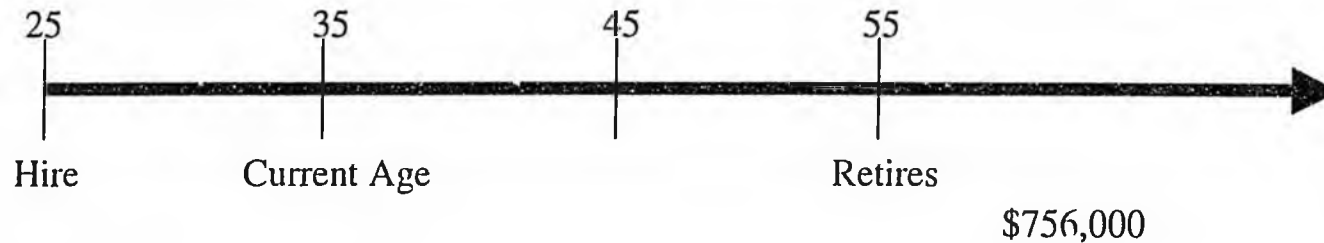
Annual Benefits:

Others:	2% for first 10 years 2.25% for next 10 years 2.5% thereafter	}	→ 67.5% after 30 years
Police:	2% for first 10 years 2.5% thereafter	}	→ 45% after 20 years

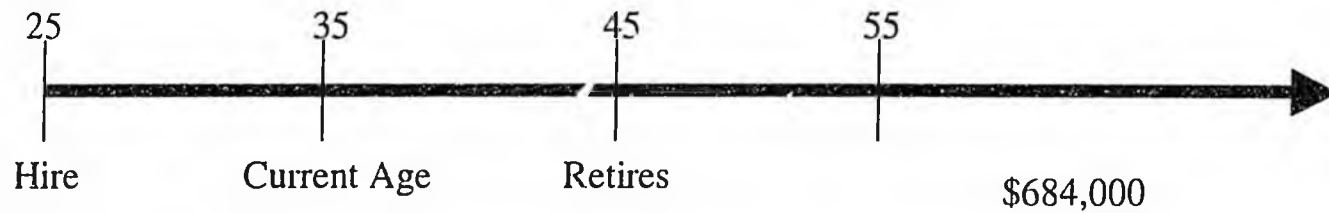


Example: **35 years old**
 10 years past service
 \$40,000 salary at retirement

Others



Police/Fire



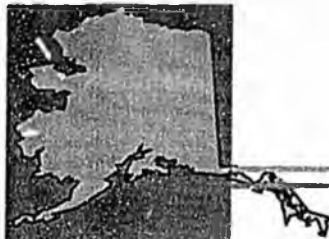
Life Expectancies:

At age 55, about 28 more years

At age 45, about 38 more years

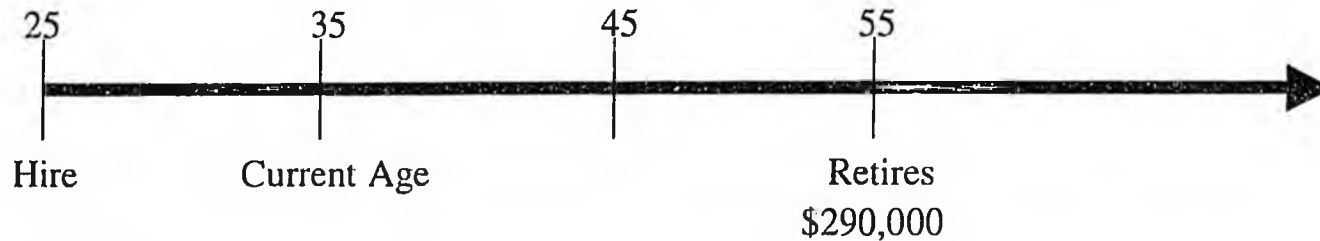
$$\$27,000 \times 28 = \$756,000$$

$$\$18,000 \times 38 = \$684,000$$



**Example: 35 years old
10 years past service
\$40,000 salary at retirement**

Others

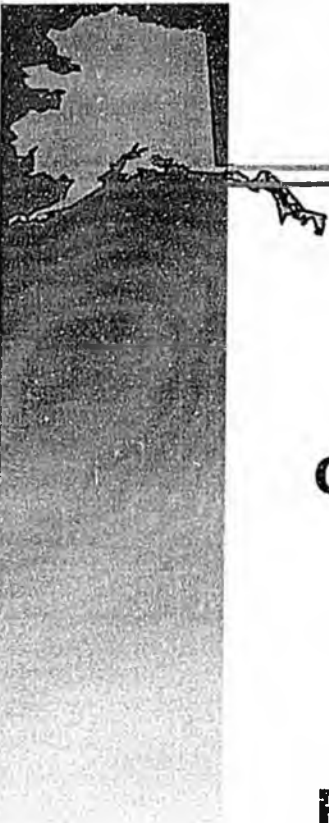


Police/Fire



Factor in interest to get value at retirement:

At age 55, divide by 2.62	$\$756,000 / 2.62 = \$290,000$
At age 45, divide by 3.26	$\$684,000 / 3.26 = \$210,000$

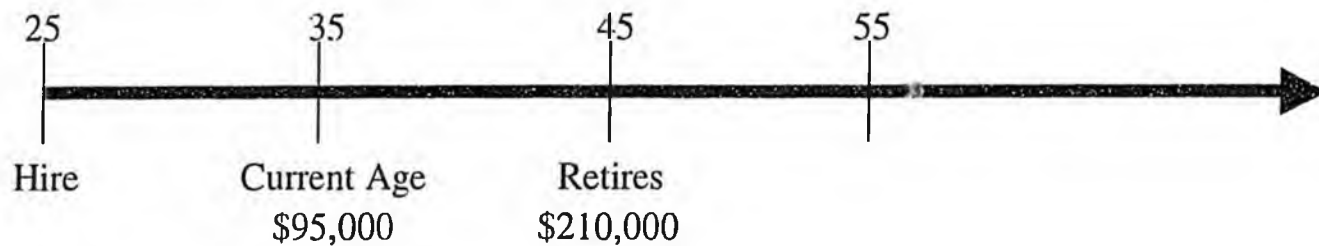


**Example: 35 years old
10 years past service
\$40,000 salary at retirement**

Others



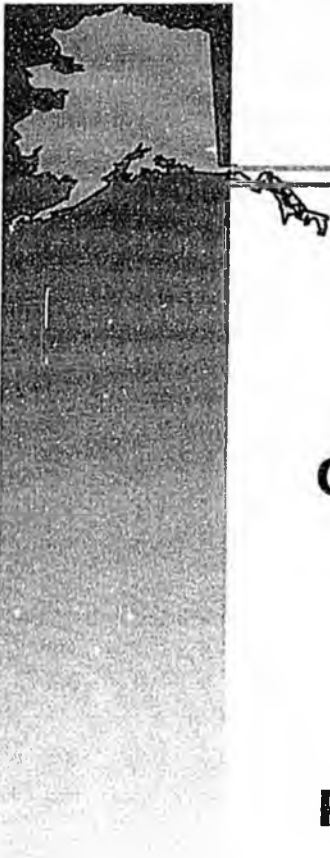
Police/Fire



What do you have to invest now? (At 8.25%)

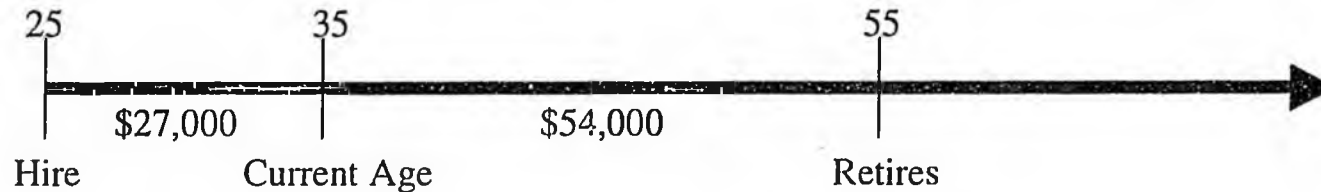
20-year interest factor is 4.83
10-year interest factor is 2.21

$\$290,000 / 4.83 = \$60,000$
 $\$210,000 / 2.21 = \$95,000$

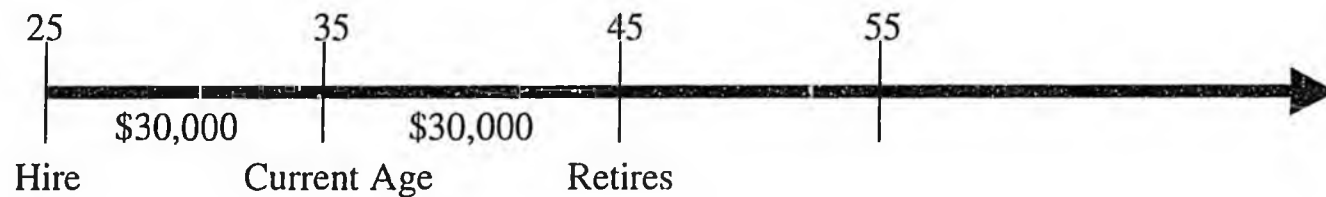


**Example: 35 years old
10 years past service
\$40,000 salary at retirement**

Others



Police/Fire



How much does the employee contribute?

Values at current age, taking interest into account.

	<u>Past</u>	<u>Future</u>	
Others (6.75%)	\$42,800	\$28,200	<i>Others is \$1,900 more</i>
Police/Fire (7.5%)	\$47,600	\$21,500	



RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original documents after microfilm reproductions have been made.

William J. Carter

Signature of Camera Operator

10/14/2003

Date

**TAX
PACKET**

2001

THE
FOLLOWING
DOCUMENT(S)
ARE
POOR
ORIGINAL
COPIES

2/26/02

State Fiscal Outlook for FY 2002



NATIONAL CONFERENCE
of STATE LEGISLATURES

The Forum for America's Ideas

January Update

February 7, 2002

Fiscal Affairs Program

National Conference of State Legislatures
William T. Poind, Executive Director

1560 Broadway, Suite 700
Denver, CO 80202-5140
303-830-2200

444 North Capitol Street, N.W., Suite 515
Washington, DC 20001
202-624-5900

URL (Web address): <http://www.ncsl.org>

February 2002



Printed on recycled paper

©2002 by the National Conference of State Legislatures. All rights reserved.

ISBN 1-58024-198-0

Item #5101-0123

Price: \$25.00

STATE FISCAL OUTLOOK FOR FY 2002—JANUARY UPDATE

The downward spiral in state fiscal conditions continues, with nearly every state reporting a budget gap. A January 2002 survey conducted by the National Conference of State Legislatures (NCSL) revealed that although the bulk of the problem is on the revenue side of the ledger, a growing number of states are facing spending overruns.

This report is based on information collected from legislative fiscal directors in late January. It covers the revenue and expenditure situation through December 2001, with January updates when they were available. While most of this report addresses budget problems in FY 2002, it also takes a look at fiscal developments affecting FY 2003 budgets.

These are the highlights of NCSL's January survey update:

- Revenues continue to be anemic. Forty-five states and the District of Columbia report that revenues have failed to meet budgeted levels.
- Nearly half the states have revised their FY 2002 revenue forecasts down. In eight of these, revenue collections are failing to meet the revised levels.
- Five states—Louisiana, North Dakota, Texas, West Virginia and Wyoming—report that revenues are on or slightly above target. Wyoming has revised its forecast up slightly, due to higher than anticipated sales and use tax revenues.
- Twenty-eight states and the District of Columbia report that spending is above budgeted levels. Medicaid is over budget in 23 states, with another five expressing concern that it could exceed budgeted levels in coming months.
- Other programs exceeding budgeted amounts include temporary cash assistance, mental health, corrections, state employee health plans, education, security and prescription drug assistance for the elderly.
- At least 30 states have implemented budget cuts or holdbacks to address fiscal problems in FY 2002. Another nine report that cuts are possible before the fiscal year ends.
- Most state programs have been affected by budget cuts. The magnitude of budget gaps has been significant enough that even programs that often are spared from cuts, such as K-12 education, have been reduced in some states.
- Fifteen states and the District of Columbia already have tapped reserve funds to help balance their FY 2002 budgets. Another 10 states may tap reserves. At least eight states have or will consider tapping tobacco settlement funds.
- Thirty states have implemented belt-tightening measures. At least seven states have delayed, reduced or canceled capital projects. Several others have shifted financing for these projects from general fund support to bonds. At least two states have refinanced outstanding debt.
- Other measures enacted or under consideration to help balance the FY 2002 budget include hiring freezes, redirecting special fund revenues into the general fund, boosting gaming

revenues, delaying scheduled tax cuts and increasing state employee contributions to health care plans.

- Two states—Arizona and California—will address FY 2002 budget problems in special sessions that run concurrently with regular sessions. Oregon, which is not scheduled to meet in regular session this year, expects to hold a special session to address growing budget problems.
- At least 37 states and the District of Columbia face potential budget gaps in FY 2003. Most of the projected budget shortfalls are due to weak revenues and increasing costs in program areas like Medicaid and K-12 education.
- Tax proposals to help balance FY 2003 budgets are under consideration in 19 states.

Table 1. Key Fiscal Developments in FY 2002 January Update			
Key Fiscal Developments	October 2001 (Number of States)	November 2001 (Number of States)	January 2002 (Number of States)
Revenues below projections	44	44	46
Expenditures over budget	17	22	30
Budget cuts or holdbacks	28	36	39
Use of reserves	20	24	26
Other measures to balance the budget	14	22	30
Source: National Conference of State Legislatures, October 2001; Updated November 2001 and January 2002			

Table 2. State Spending and Revenue Status January Update			
Spending overruns and lower than expected revenues (28 states & D.C.)		Spending on target and lower than expected revenues (17 states)	
Alaska	Massachusetts	Alabama	New York
Arizona	Michigan	Arkansas	Ohio
Connecticut	Mississippi	California	Pennsylvania
District of Columbia	Montana	Colorado	South Carolina
Florida	Nebraska	Delaware	South Dakota
Georgia	Nevada	Minnesota	Tennessee
Hawaii	New Jersey	Missouri	Utah
Idaho	New Mexico	New Hampshire	Vermont
Illinois	North Carolina		Wisconsin
Indiana	Oklahoma		
Iowa	Oregon		
Kansas	Rhode Island		
Kentucky	Virginia		
Maine	Washington		
Maryland			
Spending overruns and revenues on target (one state)		Spending and revenues on target (four states)	
Louisiana		North Dakota	
		Texas	
		West Virginia	
		Wyoming	
Source: National Conference of State Legislatures, January 2002			

State	On Target		Programs Over Budget
	Yes	No	
Alabama	✓		
Alaska		✓	Medicaid and anti-terrorism highway security
Arizona		✓	Medicaid
Arkansas	✓		
California	✓		
Colorado	✓		Medicaid a concern
Connecticut		✓	Social services, state employee health care, corrections, education
Delaware	✓		Medicaid and state employee health insurance are concerns
District of Columbia		✓	Medicaid, education, public safety, mental health
Florida		✓	K-12 education
Georgia		✓	Medicaid
Hawaii		✓	Children's mental health program, various other programs
Idaho		✓	Medicaid
Illinois		✓	Medicaid, state group insurance, prescription assistance for the elderly, security
Indiana		✓	Medicaid
Iowa		✓	Medicaid
Kansas		✓	Medicaid, welfare, mental health, foster care, adoption services, local district grants, corrections
Kentucky		✓	Medicaid
Louisiana		✓	Various programs including security costs
Maine		✓	Various programs
Maryland		✓	Medicaid, mental health, temporary cash assistance
Massachusetts		✓	Medicaid, public safety and welfare
Michigan		✓	Medicaid and welfare
Minnesota	✓		K-12 education costs a concern
Mississippi		✓	Medicaid, corrections, mental health
Missouri	✓		
Montana		✓	Medicaid, other human services, corrections
Nebraska		✓	Various programs
Nevada		✓	Medicaid and TANF
New Hampshire	✓		
New Jersey		✓	Property tax rebate program, state employee health benefit plan, prescription drug programs, NJ Family Care Program
New Mexico		✓	Medicaid
New York	✓		
North Carolina		✓	Medicaid
North Dakota	✓		Medicaid a concern
Ohio	✓		Medicaid a concern
Oklahoma		✓	Medicaid
Oregon		✓	Medicaid, TANF, adult corrections
Pennsylvania	✓		
Rhode Island		✓	Medicaid, cash assistance, prescription benefit for elderly, others
South Carolina	✓		
South Dakota	✓		
Tennessee	✓		
Texas	✓		
Utah	✓		
Vermont	✓		
Virginia		✓	Medicaid, children's health program

Table 3. FY 2002 Expenditure Update
January Update

State	On Target		Programs Over Budget
	Yes	No	
Washington		✓	Medicaid, corrections, firefighting, K-12 education, others
West Virginia	✓		
Wisconsin	✓		Medical assistance a concern
Wyoming	✓		
Total	21	30	

Source: National Conference of State Legislatures, January 2002.

Table 4. Budget Cuts or Holdbacks to Balance FY 2002 Budgets January Update				
State	No	Yes	Possible	Notes
Alabama		✓		The Education Trust Fund shortfall was covered by \$20 million in budget cuts. Cuts were made in discretionary funds targeted to the school bond authority for capital projects.
Alaska	✓			
Arizona		✓		Budget cuts totaling \$200 million were approved during the special session in late 2001.
Arkansas		✓		Across-the-board cuts were triggered. K-12 education, human services and corrections were hit hardest.
California			✓	The governor proposed \$2.2 billion in FY 2002 reductions. The largest share (about \$843 million) comes from K-12 education.
Colorado		✓		The governor asked state agencies to cut 1 percent from their budgets. Policymakers are trying to protect K-12 education, Medicaid and other human service programs.
Connecticut		✓		The governor reduced budget allotments by \$20 million early in the year.
Delaware		✓		Most state agencies have been ordered to reduce spending by 2 percent. There are some exemptions, most notably the Department of Children, Youth and Families.
District of Columbia	✓			
Florida		✓		Cuts in excess of \$1 billion were spread across all spending areas.
Georgia		✓		The governor requested budget cuts of 2.5 percent for this year. Education and TANF are protected.
Hawaii		✓		The governor ordered a 1 percent restriction on agency spending that is saving \$16.5 million in FY 2002.
Idaho		✓		The governor's spending order set to expire Jan. 31 is likely to be made permanent. It requires a budget holdback of 2.5 percent for K-12 education and 3 percent for all other government entities.
Illinois		✓		State agencies have been asked to hold back 2 percent of their general fund allocation.
Indiana		✓		The governor directed state agencies to cut budgets by 7 percent. A few areas, such as emergency services, are exempt.
Iowa		✓		The governor implemented a 4.3 percent across-the-board cut (about \$203 million). In a special session Nov. 1, 2001, the legislature restored funds to K-12 education, public safety, public defense, community colleges and corrections.
Kansas			✓	Although the governor has not made spending adjustments, the Senate passed a 2 percent across-the-board recession bill (exempting K-12 education and cutting higher education by 1 percent).
Kentucky		✓		Agency-specific budget cuts totaling \$533 million were approved last fall. K-12 education was protected.
Louisiana	✓			
Maine		✓		The governor issued an executive order to constrain spending. School subsidies, retirement funds and debt service are exempt.
Maryland		✓		The governor has reduced some operating expenses. About half of state programs are exempt, including public safety and direct care. So far, K-12 education has been preserved.
Massachusetts		✓		Proposals to address the projected \$1.5 billion budget gap include \$500 million in reductions. The state is considering an additional \$189 million in reversions.
Michigan		✓		

**Table 4. Budget Cuts or Holdbacks to Balance FY 2002 Budgets
January Update**

State	No	Yes	Possible	Notes
Minnesota			✓	The finance department has asked all agencies (including the university system) to examine their budgets with an eye to applying 5 percent cuts.
Mississippi		✓		Agency budgets have been cut by 3.3 percent. Protected areas include Medicaid, K-12 education, financial aid, district attorneys, the homestead exemption and debt service. Additional cuts for FY 2002 are possible.
Missouri		✓		The state implemented department budget withholdings. K-12 education, debt service and Medicaid were exempt.
Montana	✓			
Nebraska		✓		In special session, the Legislature cut spending by \$53.7 million over the biennium. Programs exempt from the cuts included public safety, K-12 and higher education, Medicaid, and others.
Nevada			✓	Some agencies are freezing one-time expenditures.
New Hampshire		✓		The governor implemented a 1 percent across the board cut to be on the safe side.
New Jersey			✓	The new governor announced plans for a 5 percent reduction in state spending.
New Mexico	✓			
New York	✓			
North Carolina		✓		The governor cut various agencies by as much as 4 percent. K-12 and higher education have not been cut as much as other programs.
North Dakota	✓			
Ohio		✓		The governor imposed a 6 percent across-the-board cut. K-12 was protected, along with school construction, veterans' homes and debt service.
Oklahoma		✓		State agencies have been directed by the governor to cut their budgets by 2.1 percent.
Oregon			✓	The governor proposed closing the budget gap with \$414 million in budget reductions.
Pennsylvania		✓		Across-the-board state agency holdbacks of \$366 million have been implemented.
Rhode Island	✓			
South Carolina		✓		Budget reductions have cut \$302 million from the FY 2002 budget.
South Dakota	✓			
Tennessee	✓			
Tex			✓	State agencies have been asked to review their spending plans. They have not been given a directive on any budget cuts.
Utah		✓		The governor reduced budgets by \$73 million and is looking for additional cuts.
Vermont		✓		Total recessions are \$20 million for the year. Direct support for K-12 education and human service benefit programs were not cut. One-time appropriations were delayed.
Virginia		✓		A 2 percent across-the-board reduction has been implemented. A pending proposal would push the across-the-board cuts to 3 percent of the budget.
Washington			✓	The governor's budget addresses the budget gap mostly through cuts. Human services are most affected. K-12 education is protected.
West Virginia	✓			
Wisconsin			✓	The governor proposed eliminating the state's revenue sharing program. Most state agencies would see budget cuts of 3.5 percent in the first half of the biennium and 5 percent in the second.
Wyoming	✓			
Total	12	30	9	

Source: National Conference of State Legislatures, January 2002

State	No	Yes	Possible	Notes
Alabama	✓			
Alaska		✓		Typically, \$500 million is drawn from the constitutional budget reserve every year to cover general fund insufficiencies. This year will be no different. Supplemental appropriations will be drawn from reserves.
Arizona		✓		The state tapped \$119 million from the rainy day fund.
Arkansas	✓			The state does not have a rainy day fund.
California	✓			
Colorado	✓			
Connecticut	✓			
Delaware	✓			
D.C.		✓		Officials have the authority to tap \$50 million of the \$150 million budget reserve.
Florida	✓			
Georgia	✓			
Hawaii	✓			
Idaho			✓	Consideration is being given to using the April installment of the tobacco settlement fund for general fund purposes.
Illinois		✓		Although \$226 million from the rainy day fund has been used for cash flow, the state plans to repay it during this fiscal year.
Indiana			✓	Revenue proposal* include spending tobacco settlement funds.
Iowa			✓	
Kansas	✓			
Kentucky		✓		The state used \$120 million (about half) of its rainy day fund and tapped tobacco settlement funds.
Louisiana	✓			
Maine		✓		The state might allocate up to \$100 million in reserves in addition to the \$35 million already taken.
Maryland		✓		Use of the rainy day fund was planned to pay for PAYGO projects.
Massachusetts		✓		The state used \$722 million in rainy day funds (leaving a \$1.7 billion rainy day balance).
Michigan	✓			
Minnesota			✓	
Mississippi		✓		The state took \$33 million from the rainy day fund. (The governor has the authority to take \$50 million from this fund every year). Proposals have surfaced to use tobacco settlement funds.
Missouri			✓	The governor has proposed taking \$88.5 million from tobacco settlement funds.
Montana	✓			
Nebraska	✓			
Nevada	✓			
New Hampshire	✓			
New Jersey		✓		The budgeted surplus includes both a rainy day fund and undesignated fund balances. Both will be drawn down.
New Mexico			✓	The budget gap is likely to be covered by a transfer from the rainy day fund.
New York		✓		The budget gap will be addressed with \$1.1 billion from the rainy day fund.

**Table 5. Use of Reserves to Balance FY 2002 Budgets
January Update**

State	No	Yes	Possible	Notes
North Carolina		✓		The governor has allocated funds for bioterrorism prevention activities. He is looking at taking additional reserves to address the budget gap, but the legislature doesn't support the idea.
North Dakota	✓			
Ohio		✓		The state may spend rainy day funds and temporarily reallocate a portion of tobacco settlement money.
Oklahoma	✓			
Oregon	✓			
Pennsylvania			✓	The governor has proposed taking \$550 million from the rainy day fund.
Rhode Island	✓			
South Carolina		✓		The budget control board taken \$100 million from the rainy day fund.
South Dakota		✓		The entire budget gap was addressed through reserves.
Tennessee		✓		The state already used a portion of its tobacco settlement fund.
Texas	✓			
Utah			✓	
Vermont	✓			
Virginia	✓			
Washington			✓	The governor's budget calls for taking \$80 million from rainy day funds.
West Virginia	✓			
Wisconsin			✓	The Legislature supports use of more tobacco settlement funds.
Wyoming	✓			
Total	25	16	10	

Source: National Conference of State Legislatures, January 2002

Alabama	A new actuary estimate reduced the state's obligation to state employee retirement funds by \$12 million. Other measures include tax increases and bond refinancing.
Alaska	N/A
Arizona	A February special session is expected to consider several budget balancing measures including an additional tap of the rainy day fund and various budget cuts. The first session included fund transfers and other revenue actions (including a withholding rate increase).
Arkansas	N/A
California	The governor ordered a current year hiring and contract freeze that exempts only public safety and K-12 education. The governor called a special budget session to run concurrently with the regular session.
Colorado	The state delayed \$390 million in highway and other capital projects.
Connecticut	N/A
Delaware	N/A
D.C.	N/A
Florida	A planned cut in the intangibles tax was suspended to save \$128 million.
Georgia	Bonds are being issued for planned school construction costs, freeing up \$400 million set aside for that purpose. The state still has a surplus from last year.
Hawaii	If revenues continue to lag behind the budgeted estimate, there probably will be a \$160 million transfer from the FY 2001 carryover balance.
Idaho	There is a temporary delay on major construction projects. Capitol renovation is on hold.
Illinois	Capital expenditures for prisons have been delayed. State workers are asked to take a furlough day.
Indiana	The current budget already anticipates using gaming revenue, which is not generally used for the general fund. It also includes payment delays for K-12 tuition support and higher education. The governor proposed various revenue enhancement measures Nov. 15.
Iowa	N/A
Kansas	The state finance council issued a \$150 million certificate of indebtedness, a cashflow instrument or internal borrowing tool to keep the general fund in the black. It transfers money from other funds, but these must be repaid by the end of the fiscal year.
Kentucky	The state improved interest rates on debt service. It deferred some bond payments. The state has reined in Medicaid spending by freezing provider rates and holding down primary care center and pharmacy costs.
Louisiana	N/A
Maine	New legislative initiatives may be delayed. Budget revisions reduced Medicaid spending by \$7.8 million in FY 2002 and lapsed \$8.7 million from FY 2001.
Maryland	The governor directed agencies to freeze hiring. He also shifted \$237 million of PAYGO (capital) projects to bonding and requested an addition \$211 million over the recommended limit in debt authorization.
Massachusetts	N/A
Michigan	The state reduced capital outlays by \$21.9 million and work projects by \$12 million.
Minnesota	Unspent appropriations from FY 2001 are helping cushion current budget.
Mississippi	N/A
Missouri	The governor proposed sweeping \$30 million in earmarked funds into the general fund.
Montana	The slight surplus from FY 2001 is helping carry the budget.
Nebraska	Actions include redirecting existing revenues, funding shifts and funding lapses.
Nevada	The governor's hiring freeze continues.
New Hampshire	N/A
New Jersey	Some capital expenditures have been postponed; certain departmental purchases have been frozen. The governor announced 650 state employee layoffs. The only tax action to date is a reversal of an energy tax phaseout.
New Mexico	N/A
New York	N/A
North Carolina	The governor imposed spending restrictions on traveling, purchasing and hiring.

Table 6. Other Measures to Balance FY 2002 Budgets January Update	
North Dakota	N/A
Ohio	The state will participate in a multistate lottery game. It also changed the local government funding formula.
Oklahoma	N/A
Oregon	A special session is scheduled. The governor has proposed tax increases, but there is no support in the legislature.
Pennsylvania	The state may slow down a planned phaseout of the capital stock tax.
Rhode Island	The governor issued a hiring, spending and travel freeze in late October. He proposed shifting resources from other funds (e.g., greyhound racing and video lottery terminals) to the general fund. He also suggested delaying capital projects and cutting the motor vehicle excise tax exemption.
South Carolina	N/A
South Dakota	N/A
Tennessee	The governor implemented a hiring and travel freeze. State officials are talking about a temporary sales tax.
Texas	N/A
Utah	N/A
Vermont	The governor delayed funding disbursement for a number of one-time measures.
Virginia	The governor froze capital outlay and left agency positions unfilled. The state used \$259 million in Medicaid intergovernmental transfer payments.
Washington	Other actions include increasing state employee contributions to health care plans, reducing local government funds and pension payments, and allowing higher education institutions to set tuition rates. The governor's budget also proposes a 10 percent statewide tax on gambling, repeal of a tax exemption, participation in the Big Game lottery and increasing staff at the revenue department to boost collections.
West Virginia	N/A
Wisconsin	N/A
Wyoming	N/A
N/A – Not applicable at this time	
Source: National Conference of State Legislatures, January 2002	

Alabama	General fund spending facing \$70 million reduction in FY 2003. Education trust fund projects \$114 million in revenue growth for FY 2003.
Alaska	A budget gap of \$1.25 billion is expected for FY 2003.
Arizona	The outlook for FY 2003 includes an \$800 million (12 percent) budget gap.
Arkansas	General fund revenues are projected to grow 4.1 percent in FY 2003.
California	The state projects an \$8 billion (10 percent) budget gap in FY 2003.
Colorado	The outlook for FY 2003 is better than the current year.
Connecticut	The state projects a potential deficit of \$794.4 million in FY 2003.
Delaware	General fund revenues in FY 2003 are projected to be down \$146 million from the June estimate.
District of Columbia	The budget gap for FY 2003 is projected at \$234 million.
Florida	With revenues tracking the revised estimate, the outlook for FY 2003 remains optimistic.
Georgia	The FY 2003 outlook is still fairly positive because of the existing surplus and spending cuts.
Hawaii	The projected budget gap for FY 2003 is \$150 million.
Idaho	Budget balancing plans could include cuts of 3 percent to 10 percent from state agencies in FY 2003.
Illinois	An improving economy could result in \$300 million to \$500 million in revenue growth for FY 2003.
Indiana	The budget gap is \$1.2 billion for the 2002-2003 biennium.
Iowa	The budget outlook is tentative.
Kansas	Officials anticipate 4 percent across-the-board cuts to avoid a projected budget gap in FY 2003.
Kentucky	The FY 2003 budget shortfall has been addressed, but the outlook remains weak.
Louisiana	The budget outlook for FY 2003 is not as bright as FY 2002, with the state likely to act on a number of expiring revenue items to avoid a budget shortfall.
Maine	Maine faces a \$158 million budget gap in the second half of the 2002-2003 biennium.
Maryland	The state faces a budget gap of roughly \$1 billion (9 percent) in FY 2003.
Massachusetts	The budget outlook for FY 2003 projects a \$2 billion budget gap.
Michigan	The budget outlook for FY 2003 projects a \$540 million budget gap.
Minnesota	The projected budget gap for the biennium is \$1.9 billion, with \$357 million of the total in FY 2002.
Mississippi	Proposals to address the FY 2003 budget shortfall include shifting general fund support for road construction over to bonding, accelerating sales tax collections, and using tobacco settlement funds.
Missouri	To address the anticipated budget gap, the governor's FY 2003 budget includes tapping \$135 million from the rainy day fund and \$42 million from the tobacco settlement funds.
Montana	To address an anticipated budget gap, the administration is considering service reductions in health care and lowering provider rates.
Nebraska	The projected FY 2003 budget gap is at least \$50 million.
Nevada	Absent a turnaround in general fund revenues, a budget gap for FY 2003 is projected.
New Hampshire	No budget gap is projected for FY 2003.
New Jersey	The FY 2003 budget situation is considered "extremely difficult" with the administration projecting a shortfall of \$5 billion.
New Mexico	State agencies have requested spending growth of 8.1 percent compared to a recommended 1.4 percent increase in spending in FY 2003 by the Legislature.
New York	The governor is projecting a \$5.7 billion (6.5 percent) budget gap in FY 2003.

North Carolina	The projected FY 2003 budget gap is \$500 million to \$600 million (about 4 percent of the budget).
North Dakota	No budget gap is projected for FY 2003.
Ohio	Prior to the implementation of several budget balancing measures, the FY 2003 shortfall was projected at \$763 million.
Oklahoma	Preliminary estimates indicate a shortfall of \$260 million for all funds at the beginning of FY 2003.
Oregon	Most of the budget shortfall problem of \$830 million is in the second half of the biennium.
Pennsylvania	No budget gap is projected for FY 2003.
Rhode Island	A \$300 million shortfall is forecast for FY 2003.
South Carolina	No budget shortfall is projected in FY 2003, in part because of the reduced base budget in FY 2002.
South Dakota	A budget shortfall is expected, and policymakers are proceeding with caution.
Tennessee	A budget shortfall is projected in FY 2003, as the state needs \$705 million in new revenue next fiscal year to maintain current funding levels.
Texas	There is a potential for problems in areas such as Medicaid and SCHIP, as signs of caseload and prescription drug cost increases begin to appear.
Utah	No budget gap is projected for FY 2003.
Vermont	A potential budget gap of 2 percent in FY 2003 will be addressed during session.
Virginia	A potential budget gap of \$2 billion looms over the 2003-2004 biennium.
Washington	The budget gap for the 2003-04 biennium is expected to be \$500 million to \$1 billion.
West Virginia	To address a projected budget gap in FY 2003, state agencies have been asked to cut their spending requests by 3 percent.
Wisconsin	The total budget gap for the 2001-2003 biennium is \$1.12 billion (5 percent).
Wyoming	No budget gap is projected for FY 2003.
Source: National Conference of State Legislatures, January 2002	

Table 8. Tax Proposals under Consideration for FY 2003 January Update			
State	No	Yes	Notes
Alabama		✓	The governor proposed possible fee and tax increases.
Alaska		✓	A bipartisan group of House members proposed income and cruise ship taxes and raising alcohol taxes.
Arizona	✓		
Arkansas	✓		
California	✓		
Colorado	✓		Colorado voters must approve any tax increase.
Connecticut		✓	The governor is considering increasing the cigarette excise tax by 61 cents a pack.
Delaware	✓		
District of Columbia	✓		
Florida		✓	The Senate president proposed a major tax reform package that would roll back the sales tax rate and impose the tax on services.
Georgia	✓		
Hawaii		✓	The governor proposed doubling the liquor excise tax to generate \$40 million. No tax proposals are being considered by the Legislature.
Idaho	✓		
Illinois	✓		
Indiana		✓	Proposed legislation would make various FY 2003 tax changes.
Iowa	✓		
Kansas		✓	The governor wants to increase sales, motor fuel and cigarette (65 cents to 89 cents a pack) taxes. He also wants to increase state car registration fees by 3 percent. The Senate tax committee is looking at other excise taxes.
Kentucky	✓		
Louisiana		✓	The Legislature is likely to renew the temporary sales tax on groceries and the temporary income tax increase due to expire in FY 2003.
Maine		✓	Small tax increases (such as the real estate tax transfer) are being considered. The state also is considering delaying certain tax cuts.
Maryland		✓	The governor proposed deferring the last 2 percent of a 10 percent income tax reduction for FY 2003.
Massachusetts	✓		No tax increases are being considered. The Senate is in favor of freezing a voter-approved personal income tax rate reduction. The House is considering the idea. The governor is not in favor of the proposal.
Michigan	✓		
Minnesota		✓	The governor proposed increases in gas and cigarette taxes and extension of the sales tax to a number of services and institutional food sales.
Mississippi	✓		
Missouri		✓	The governor proposed increasing by 2 percent the adjusted gross receipts tax (primarily assessed on riverboat gaming).
Montana	✓		The governor said there will be no tax increases and indicated she is still looking for further income tax reductions.
Nebraska		✓	There are several proposals. Tax increases are unlikely.
Nevada	✓		

Table 8. Tax Proposals under Consideration for FY 2003 January Update			
State	No	Yes	Notes
New Hampshire	✓		
New Jersey	✓		
New Mexico	✓		
New York		✓	The Legislature approved a cigarette excise tax increase to generate an additional \$150 million in FY 2003. Approximately \$60 million in FY 2003 fee increases are being considered.
North Carolina	✓		
North Dakota	✓		
Ohio	✓		
Oklahoma	✓		
Oregon		✓	The governor proposed excise tax increases to generate \$111 million and a repeal of a previously approved personal income tax cut. That would save \$133 million. The Legislature is not supportive of any of the tax increase measures.
Pennsylvania		✓	Slowing the capital stock tax phaseout is being considered. An increase in the poverty exemption level for personal income tax and continuation of a computer sales tax holiday are under consideration.
Rhode Island	✓		
South Carolina	✓		
South Dakota	✓		
Tennessee		✓	State officials are discussing options, but specific proposals are unknown at this time.
Texas	✓		The Legislature is not in regular session in 2002.
Utah	✓		
Vermont		✓	The governor proposed raising fees for motor vehicles and licensing. There may be consideration of raising the cigarette tax, but the governor did not include it in his budget proposal.
Virginia	✓		
Washington	✓		
West Virginia	✓		
Wisconsin	✓		
Wyoming		✓	The revenue committee has submitted an omnibus tax bill for consideration by the Legislature in the event additional tax revenue is needed.
Total	32	19	

Source: National Conference of State Legislatures, January 2002

State Fiscal Outlook For FY 2002—January Update

State	What's the revenue situation through the end of December? If revenues are on target with a revised forecast, how does the revision compare to the original estimate?	Are any areas of general fund spending over budget? If yes, what are they? Are there other areas of concern?	How large a budget gap does the state face in FY 2002? How is the state addressing that gap in FY 2002?	What's the budget outlook for FY 2003?	Are any tax increases being considered to close the budget gap in FY 2003?	What significant proposals are being discussed to balance the FY 2003 budget?
Alabama	The FY 2002 general fund revenue estimate has been revised downward by \$77.3 million (from \$1.21 billion to \$1.13 billion.). The Education Trust Fund (ETF) faced a \$160 million shortfall due to lower than expected corporate income and sales tax revenues, but the shortfall was addressed in a December special session.	General fund expenditures are on target.	The ETF shortfall was covered by \$140 million in tax increases and \$20 million in budget cuts. Of the tax increases, \$90 million was generated from changes to the corporate tax base including taxing interstate telephone calls, increasing the tax on cellular phone calls and setting a uniform sourcing telephone tax. Bond refinancing added \$10 million in revenues. A new actuary estimate reduced the state's obligation to state employee retirement funds by \$12 million. Budget cuts were in discretionary funds targeted to the school bond authority for capital projects.	The Legislative Fiscal Office estimates that the FY 2003 general fund budget will need to be reduced by \$70 million from the FY 2002 level because of the lack of carry-forward balances and very small revenue growth. It appears that \$114 million in new money will be available for the ETF for FY 2003 due to modest revenue growth projections and further reductions in the state's estimated contributions to the teacher retirement system.	The governor has proposed such revenue measures as fee and tax increases.	A constitutional amendment was passed by the Legislature and referred to voters for the June 2002 election. It would establish a reserve fund for the ETF. Oil and gas revenues would be used for the reserve. Up to 6 percent of the Education Trust Fund budget could be withdrawn from the reserve when needed.
Alaska	The average price of crude oil has continued to run below the budgeted estimate, so the revenue shortfall for FY 2002 is expected to be about \$1 billion.	A supplemental appropriation of at least \$20 million will be needed for Medicaid. Other supplemental appropriations, such as anti-terrorism highway security, could reach \$40 million. Feb. 11 is the deadline for agencies to apply for supplemental funding.	Officially, the budget gap is \$875 million. Oil prices, however, continue to be below forecast so the gap probably will reach \$1 billion. State officials do not consider this a true shortfall because reserve funds (from oil revenues) regularly are used to balance the budget.	A budget gap of \$1.25 billion is expected for FY 2003 due to continued low oil prices and the governor's proposal for increased expenditures (totaling \$200 million).	A bipartisan group of House members is proposing income and cruise ship taxes, and raising alcohol taxes. The income tax could generate \$300 million in revenues. Many legislators, however, are averse to an income tax without first instituting spending limits.	No significant revenue proposals are being considered at this point. The Legislature will probably try to hold spending for FY 2003 at FY 2002 levels, which would amount to a \$200 million cut from the governor's budget. No hearings have been held yet on the governor's budget.
Arizona	General fund tax collections through the end of December were \$47 million (0.75 percent) below the revised November estimate. Revenues are now projected to be \$138 million below the revised estimate by the end of the fiscal year. An October revision to the estimate already had reduced projected revenues by \$675 million. Corporate income tax collections are particularly weak, with an expected decline of 33 percent compared to FY 2001 actual collections.	Medicaid expenditures are projected to rise \$19 million above the budget level adopted in a special session in late 2001.	The special session in late 2001 addressed a \$675 million budget gap. A January budget revision added another \$138 million to the FY 2002 gap. It will be addressed during a February special session that will run concurrently with the regular session. Actions in the first special session included \$200 million in spending cuts, \$339 million in fund transfers, including a \$119 tap of the rainy day fund, and \$130 million in other revenue actions (including an increase in the withholding rate).	The outlook for FY 2003 includes an \$800 million (12 percent) budget gap. Revenues in the new fiscal year could be \$140 million below the FY 2002 level. Medicaid caseload growth averaging 20 percent per year will increase spending demands for the program by \$500 million in FY 2003.	No broad based tax increases are being considered.	A combination of spending cuts, accounting actions and a shift of \$250 million general fund school construction spending to bonding are being considered to balance the FY 2003 budget.

State	What's the revenue situation through the end of December? If revenues are on target with a revised forecast, how does the revision compare to the original estimate?	Are any areas of general fund spending over budget? If yes, what are they? Are there other areas of concern?	How large a budget gap does the state face in FY 2002? How is the state addressing that gap in FY 2002?	What's the budget outlook for FY 2003?	Are any tax increases being considered to close the budget gap in FY 2003?	What significant proposals are being discussed to balance the FY 2003 budget?
Arkansas	The budgeted revenue estimate was decreased in the fall by \$142 million (4.2 percent). The revised estimate projects a decrease in tax collections of \$9.3 million (0.3 percent) from FY 2001. General fund tax collections are close to the revised target through the end of January. This follows an above estimate performance in December and an offsetting decline in January.	The revised revenue estimate has reduced spending authority by 4.2 percent. Spending is on target with the revision.	No budget gap is projected in FY 2002 because of the automatic features of the Revenue Stabilization Law that reduces spending by an amount equal to the projected revenue shortfall. Revenue estimates were trimmed \$142 million (4.2 percent) earlier in the fiscal year. The state does not have a rainy day fund.	Compared to the new base budget in FY 2002, general fund revenues are projected to grow 4.1 percent in FY 2003.	No tax increases are being considered for FY 2003. The legislature is not in regular session in 2002.	No budget gap is forecast for FY 2003.
California	December general fund tax collections were down \$940 million from the revised estimate. FY 2002 collections are now projected to end \$5.5 billion (7 percent) below the budgeted estimate.	General fund expenditures are on target with the budgeted estimate.	The FY 2002 budget gap is \$5.5 billion (7 percent) and is due almost entirely to underperforming revenues.	The FY 2003 budget outlook projects an \$8 billion (10 percent) budget gap.	No general tax increases are being considered at this time.	A combination of tax accelerations, expected federal disbursements for terrorism preparedness, special fund taps and borrowing are proposed for balancing the FY 2003 budget. Additionally, tobacco securitization and pension fund actions are being considered.
Colorado	General fund tax collections continued to decline through December and are now an additional \$150 million below the revised estimate. Revenues are now \$536 million (8 percent) below the original budgeted level. Both income taxes and sales taxes are coming in below projections.	General fund expenditures are on target, but concern exists over potential Medicaid cost overruns.	Currently, the state is looking at a \$155 million budget gap for FY 2002. To address it, most state agencies have been asked to cut their budgets by 1 percent. Policymakers are trying to protect education, Medicaid and other human service programs, such as mental health. In addition, \$390 million in highway and other capital projects were delayed. Creative refinancing measures are being used to maintain the 4 percent general fund reserve.	The outlook for FY 2003 is better than the current year. An estimated \$276 million may become available if the legislature delays a planned repayment to the controlled maintenance trust fund (a special fund for state building repairs). The state borrowed from this fund last year to plug the general fund.	Colorado voters must approve any tax increase, so none are being considered.	The legislature won't appropriate as much next year. The current plan is to reduce personal service appropriations (salaries) to agencies by 2.5 percent.
Connecticut	Most major tax collections through January are below the budgeted estimate. Personal income taxes are down 7 percent, sales, 5.3 percent, and corporate income, 40 percent year-to-date versus the budgeted estimate. Revenues for FY 2002 were revised down by \$676 million. FY 2003 revenues were dropped by \$682 million.	Deficiency appropriations for FY 2002 are estimated at \$70.7 million. Areas over budget include social services, state employee health care, education and corrections.	The state faced a \$765 million (6.4 percent) general fund budget gap in FY 2002. Following savings measures adopted during a November special session, the deficit is now projected at \$551.7 million. The Legislature is considering an additional \$172.7 million in savings proposed by the governor.	The state projects a potential FY 2003 deficit of \$794.4 million. A revised revenue estimate projects revenues to fall short \$682.6 million and estimates expenditures \$112.4 million higher than originally thought. The November special session trimmed \$84.2 million from the projected deficit through savings measures. Additional proposed savings of \$15.4 million could reduce the shortfall to \$694.7 million.	The governor is considering increasing the cigarette excise tax by 61 cents a pack. That would generate \$30.8 million in additional revenue in FY 2002 and \$122.3 million in FY 2003.	The governor is proposing \$200 million in cuts from the FY 2003 budget and he also proposes postponing tax cuts, increasing court and other fees and tapping reserves held by the state's semi-independent agencies, such as the Connecticut Housing Finance Authority.

State Fiscal Outlook For FY 2002—January Update

State	What's the revenue situation through the end of December? If revenues are on target with a revised forecast, how does the revision compare to the original estimate?	Are any areas of general fund spending over budget? If yes, what are they? Are there other areas of concern?	How large a budget gap does the state face in FY 2002? How is the state addressing that gap in FY 2002?	What's the budget outlook for FY 2003?	Are any tax increases being considered to close the budget gap in FY 2003?	What significant proposals are being discussed to balance the FY 2003 budget?
Delaware	General fund tax collections are forecast to be \$30.9 million (1.3 percent) below estimate in FY 2002. Because the state appropriates only 98 percent of the estimate, it has not encountered a revenue deficit so far in the fiscal year. Personal and corporate income taxes are both running below estimate.	General fund spending is on target. Areas of potential overspending include state employee health insurance and Medicaid, which has now stabilized. Most of the budget concern involves revenue performance.	Most state agencies have been ordered to reduce spending by 2 percent, with only some exemptions, most notably the Department of Children, Youth and Families. The rainy day fund has not been tapped in FY 2002.	The revenue estimate for FY 2003 is down \$115 million (4.7 percent) from the June forecast. Combined with the current fiscal year problems, revenues will be down \$146 million from the June estimate.	No tax increases are being considered for FY 2003.	A mix of savings, one-time revenue measures, no state employee pay raises and a cut in general fund support for capital projects are expected to address the anticipated \$146 million shortfall in FY 2003.
District of Columbia	The revenue situation through the end of December is running about \$20 million to \$25 million below estimate, especially in sales and income/franchise taxes. The FY 2002 revenue estimate is anticipated to be revised downward by \$90 million to \$100 million.	K-12 education spending is over budget by \$81 million and Medicaid is over budget by \$62 million. Other areas of concern for possible cost overruns include mental health programs and public safety.	The District is dealing with \$240 million in budget problems in FY 2002. Budget balancing measures include delaying previously scheduled income tax reductions and possibly tapping into the budgeted reserve for \$50 million.	The budget gap for FY 2003 is projected at \$234 million.	No tax increases have been proposed to date.	Significant proposals for balancing the FY 2003 budget include the use of budget reserves and spending reductions.
Florida	General fund tax collections are on target with the revised estimate through December. Two previous revisions to the FY 2002 revenue estimate had reduced it by \$1.3 billion (6.6 percent).	K-12 education spending is over budget due to higher than expected enrollment.	In the second of two special sessions, the state closed a \$1.2 billion FY 2002 budget gap. Cuts in excess of \$1 billion were spread across all areas of spending. A planned cut in the intangibles tax was suspended to save \$128 million. The rainy day fund has not been tapped.	The budget actions affecting FY 2002 reduced the base budget going into FY 2003 and relieved some spending pressures. With revenues tracking the revised estimate, the outlook for FY 2003 remains optimistic.	The Senate president is proposing a major tax reform package that would roll back the sales tax rate and impose the tax on services. The proposal also would require a 3/5 vote of the Legislature to enact any new sales tax exemptions. The tax reform package has support in the Senate, but is not viewed as favorably in the House.	Some challenges are expected from an additional \$360 million in enrollment-driven costs for K-12 education and \$400 million in caseload expenditures for Medicaid in FY 2003.
Georgia	The revenue forecast has been revised downward by \$500 million, from \$14.3 billion to \$13.8 billion. Collections for the year are likely to be slightly above the revised estimate. Revenues through December, however, are 5.6 percent below the same period last year.	Medicaid spending is \$429 million over budget, which includes obligations from last year and current costs.	Georgia is facing a budget gap of about \$650 million. All reserve funds are full, however, and the state still has a \$906 million surplus from last year that will cover this year's budget requirements. The governor requested budget cuts of 2.5 percent for this year. Education and children's programs were exempted. In addition, bonds are being issued for planned school construction costs, freeing up \$400 million that was set aside for that purpose.	The FY 2003 outlook is still pretty good because of the existing surplus and spending cuts. FY 2004 is expected to be a tougher budget year.	No tax increases are being considered.	The budget base will be lower because cuts made this year will be carried over into FY 2003.

State	What's the revenue situation through the end of December? If revenues are on target with a revised forecast, how does the revision compare to the original estimate?	Are any areas of general fund spending over budget? If yes, what are they? Are there other areas of concern?	How large a budget gap does the state face in FY 2002? How is the state addressing that gap in FY 2002?	What's the budget outlook for FY 2003?	Are any tax increases being considered to close the budget gap in FY 2003?	What significant proposals are being discussed to balance the FY 2003 budget?
Hawaii	General fund tax collections through December were on target with revised revenue estimates. A November revision to the FY 2002 general fund forecast reduced projected growth from 4.1 percent to -0.7 percent, a \$151.8 million revenue loss.	The state's children's mental health program, operating under a consent decree, is \$10 million over budget. Other minor areas are also over budget, but most concerns center on revenue performance.	Compared to the budgeted estimate, the total FY 2002 gap is approximately \$160 million. The governor ordered a 1 percent restriction on agency spending, saving \$16.5 million. If revenues continue to lag, a \$160 million transfer is likely from the FY 2001 carryover balance.	The projected gap for FY 2003 is \$150 million. The governor cut 2 percent out of the FY 2003 budget request. The Legislature has asked agencies to consider plans for 3 percent, 4 percent and 5 percent reductions from the FY 2003 budget.	The governor proposed doubling the liquor excise tax to generate \$40 million. No tax proposals are being considered by the Legislature. And the Legislature doesn't support the governor's tax hike proposal.	The governor is studying transferring \$200 million from the Hurricane Relief Fund to cover the projected FY 2003 budget gap. He also proposes a \$1 billion capital spending plan to generate \$40 million in new revenue. The Legislature has asked agencies to consider plans for 3 percent, 4 percent and 5 percent FY 2003 reductions. The governor has already reduced spending requests by 2 percent.
Idaho	Revenues continue their downward trend, although sales tax collections are holding steady. Original budget estimates predicted a 3.1 percent revenue decline in FY 2002, primarily due to enacted income tax cuts. The revenue decline was re-estimated in November at 8.1 percent. At the end of December, revenues were running 1 percent below that.	Medicaid is over budget, with a possible \$12 million supplemental appropriation needed. The governor has recommended \$4 million. The overrun is being driven by caseload increases, prescription drug costs and children's health insurance coverage expansion.	The governor's spending order, set to expire Jan. 31, is expected to be made permanent in early February. It requires a budget holdback of 2.5 percent for K-12 education and 3 percent for all other government entities. There is also a temporary delay on major construction projects. Capitol renovation is on hold. Consideration is being given to using the April installment of the tobacco settlement fund for general fund purposes.	Decisions will be made in February on reduction plans that could cut another 3 percent to 10 percent from state agencies in FY 2003.	No tax increases or other revenue enhancements are under consideration at this time.	A difficult budget year with spending below current levels is anticipated.
Illinois	Revenues through the first six months of the fiscal year are \$474 million (2 percent) below the original budget. This is \$85 million less in revenue than the same period last year.	State group health insurance and Medicaid are over budget. Spending on drug assistance for the elderly is still an issue, but some of the pressure has been relieved with additional federal funds. The governor also has supplemented security spending by \$17 million.	Illinois faces a budget gap of about \$500 million. Although the budget has not officially been cut, state agencies have been asked to hold back 2 percent of their general fund allocation. Capital expenditures for prisons have been delayed. State workers are asked to take a furlough day (estimated to save \$8 million). The state employee union is fighting this provision, but non-union employees already have begun taking days off. Although \$226 million from the rainy day fund has been tapped for cash flow, the state plans to repay it during this fiscal year.	Analysts think the economy is picking up. Forecasters project \$300 million to \$500 million in revenue growth for FY 2003.	The legislature will be looking at options this session. Tax increases are unlikely.	The governor has twice attempted to increase his authority over the budget, but the legislature has not passed either proposal. There has been some talk of state employee layoffs.

State Fiscal Outlook For FY 2002—January Update

State	What's the revenue situation through the end of December? If revenues are on target with a revised forecast, how does the revision compare to the original estimate?	Are any areas of general fund spending over budget? If yes, what are they? Are there other areas of concern?	How large a budget gap does the state face in FY 2002? How is the state addressing that gap in FY 2002?	What's the budget outlook for FY 2003?	Are any tax increases being considered to close the budget gap in FY 2003?	What significant proposals are being discussed to balance the FY 2003 budget?
Indiana	Revenues are on target with the revised November forecast, which reduced projected FY 2002 revenues by \$540 million (5.7 percent) and FY 2003 revenues by \$737.4 million (7.4 percent).	Medicaid is over budget.	The budget gap is \$1.2 billion for the 2002-2003 biennium. The governor directed state agencies to cut budgets by 7 percent. A few areas, such as emergency services, are exempt. HB 1004 addresses the budget deficit and fiscal restructuring issues.	The budget gap is \$1.2 billion for the 2002-2003 biennium.	Legislation currently under consideration would make various tax changes in FY 2003. An increase in the state sales tax would generate \$393 million in FY 2003. A proposed cigarette tax increase would raise \$293.6 million. Other revenue changes would add \$353 million to total general revenue collections.	Legislation under consideration would reduce spending in FY 2003 by \$225.4 million. The largest cut would come from school funding (\$115.4 million). State police funding would be reduced by \$54.8 million.
Iowa	In the adopted FY 2002 budget, revenues were projected to grow 3.8 percent. The revenue estimating conference has revised its FY 2002 estimate twice—first in September to 1.9 percent and then in December to 1.5 percent. Through the end of December, revenue collections were \$75 million short of the 1.5 percent growth estimate and \$200 million below the original estimate.	Except for Medicaid, expenditures are on target with the original budgeted estimate. Medicaid spending is projected to exceed its estimate by \$70 million.	The state is coping with a \$200 million budget gap. The governor imposed a 4.3 percent across-the-board spending cut. In a Nov. 1, 2001, special session, the legislature restored funds to K-12 education, public safety, public defense, community colleges and corrections. The state still may consider tapping its economic emergency fund.	The budget outlook is tentative. If the state fails to meet its twice-revised revenue estimate for FY 2002 (1.5 percent growth), it is unlikely to meet its FY 2003 estimate of 2.1 percent growth.	Tax increases are highly unlikely.	Finding a solution to the Medicaid spending problem is the first priority. Current proposals include shifting funding for some spending categories to other sources (e.g., shifting state trooper salary costs from the general fund to the motor vehicle use tax fund). Other funds that may be tapped are the tobacco endowment fund or the senior living trust fund.
Kansas	Through December, general fund revenues were \$55.6 million (2.8 percent) under the revised November estimate, which lowered revenues by \$113 million from the April forecast. Corporate income taxes are responsible for all but \$1 million of the shortfall. Sales taxes are coming in above forecast. The November estimate puts revenues at 0.5 percent or \$21 million above FY 2001 levels.	The main areas over budget are in human services: foster care, welfare, Medicaid, adoption services and mental health. A supplemental appropriation of \$37 million has been recommended. Other areas of concern include state matching funds for local districts (over budget by \$20 million) and corrections. The Department of Revenue lost a corporate income tax refund case in the Kansas Supreme Court Jan. 25. The state may have to pay \$26 million in refunds, an expense not considered in the budget.	No agreement has been reached on how to address the projected shortfall in FY 2002.	The budget outlook for 2003 is not good. Officials anticipate 4 percent across-the-board cuts. The state is in the middle of a transportation plan and a multiyear plan for higher education that requires increased spending. Some highway projects will be delayed.	The governor wants to increase the sales tax from 4.9 percent to 5.1 percent, motor fuel taxes by 1 cent per gallon and cigarette excise taxes by \$0.65 to \$0.89 per pack. He also wants to increase the state car registration fee by 3 percent. The Senate tax committee is looking at other excise taxes. The Senate Ways & Means Committee wants to change the law so the ending balance must be 5 percent, not 7.5 percent, (to be returned to 7.5 percent over the next four years).	Proposals to balance the FY 2003 budget include a combination of budget cuts and tax increases. Officials also will consider whether to spend down the ending balance.
Kentucky	Revenue collections are on target with the revised FY 2002 estimate of 0.9 percent growth. The revised estimate is \$475 million (6.6 percent) less than the estimate included in the adopted budget. Sales and corporate income taxes are the primary underperforming tax categories.	Medicaid overruns were projected to reach \$180 million for FY 2002, but have been addressed through various cost avoidance and cost saving measures.	Agency-specific budget cuts totaling \$533 million were approved last fall. K-12 education was protected from the cuts. The state has reined in Medicaid spending by freezing provider rates and holding down primary care center and pharmacy costs. The state accessed \$120 million (about half) of its rainy day fund and incurred savings from improved interest rates on debt service and tapped tobacco settlement funds.	The budget shortfall has been addressed, but the outlook continues to be weak. The governor has proposed a "bare bones" budget that may be characterized as a flat-line continuation of FY 2002 spending levels through FY 2004.	No tax increases have been proposed. Raising revenues by allowing video slot machines and/or racetracks have been discussed by various groups.	State employees will receive a 2.7 percent salary increase, not the 5 percent annual increase written into statute. Other proposals include pulling some "off-budget" accounts back into the budget. For example, there is a local jail construction authority fund from which \$15 million may be included in the fiscal biennium 2002-2004 budget (FY 2002 and FY 2003).

State	What's the revenue situation through the end of December? If revenues are on target with a revised forecast, how does the revision compare to the original estimate?	Are any areas of general fund spending over budget? If yes, what are they? Are there other areas of concern?	How large a budget gap does the state face in FY 2002? How is the state addressing that gap in FY 2002?	What's the budget outlook for FY 2003?	Are any tax increases being considered to close the budget gap in FY 2003?	What significant proposals are being discussed to balance the FY 2003 budget?
Louisiana	General fund revenues through December were coming in ahead of forecast by \$53 million (0.8 percent). This is being driven by healthy oil and gas activity and income tax revenues.	Several budget categories have minor cost overruns, totaling about \$55 million.	Cost overruns are equal to surplus revenues.	The budget outlook for FY 2003 is not as bright. The state will have \$600 million worth of expiring revenue items (temporary sales tax on groceries and income tax increase). Several expenditure items are increasing, such as health insurance, teacher pay and other merit raises for state employees.	The Legislature is likely to renew the temporary sales tax on groceries and the temporary income tax increase that will expire in FY 2003.	The legislature is unlikely to fund some agency requests next year.
Maine	Maine lowered its revenue forecast by \$109 million for FY 2002. Measured from that revision, revenues are slightly ahead of target. Revenue collection through December would have been below the original forecast by \$23 million (2.2 percent).	General fund spending is over budget by \$18 million.	The state faces a \$244 million gap in the 2002-2003 biennium. The FY 2002 shortfall is about \$86 million of the total. New legislative initiatives may be delayed. The state might tap up to \$100 million in reserves in addition to the \$35 million already taken. Budget revisions reduced Medicaid spending requirements by \$7.8 million in FY 2002 and lapsed \$8.7 million from FY 2001.	Maine faces the same fiscal issues in FY 2003.	Small tax increases are being considered (such as the real estate tax transfer). The state also is considering delaying certain tax cuts (e.g., the method of indexing individual income tax brackets and a phased-in reduction of the mill rate on telecommunications personal property).	Proposals under consideration include delaying the increase in revenue sharing with municipalities, reducing expenditure and tapping the rainy day fund.
Maryland	On Dec. 13, 2001, the Board of Revenue Estimates reduced the FY 2002 forecast by \$276.3 million (1.7 percent below FY 2001 levels and 2.8 percent below the original forecast). Personal income and business tax revenues are below forecasts. Personal income tax collections remain very weak, especially quarterly estimated payments. General fund revenues were below the new estimate by \$25.1 million (0.7 percent) through December. The FY 2003 forecast was revised down by \$434.7 million, an increase of 1.6 percent over FY 2002 but lower than the original growth estimate of 3.6 percent.	Medicaid enrollment exceeded the budget estimate by 32,000 cases through December and continues to climb. The Medicaid deficit is about \$150 million (\$50 million attributable to surging enrollment with medical inflation and other factors accounting for the rest). Temporary cash assistance also is over budget due to caseload increases and could cost as much as \$25 million more than was budgeted (although additional TANF money is available). Shortfalls persist in mental health programs.	The gap is \$330 million (revenues short by \$157 million and spending deficiencies of \$173 million). The FY 2002 budget is OK, but actions are needed to carry funds forward into FY 2003. The governor has not proposed cuts yet, but he has directed agencies to freeze hiring and has shifted \$237 million of PAYGO (capital) projects to bonding while requesting an additional \$211 million in debt authorization over the recommended limit. The FY 2002 budget also is based on reversions and transfers of \$324 million from other accounts to the general fund. Use of the rainy day fund was planned to pay for PAYGO projects, some of which are now being converted to bonds.	The state faces a budget gap of roughly \$1 billion (9 percent) in FY 2003.	The governor has proposed deferring the last 2 percent of the 10 percent income tax reduction (savings would equal \$177 million) for FY 2003.	The governor has proposed \$137 million in transfers to the general fund (e.g., from the dedicated purpose account and other reserves) and has asked for relief from \$128 million in mandated spending (e.g., freeze retirement payment contributions; delay formula-driven mandatory funding increases for community colleges). The governor's budget plan also relies on \$467 million being carried forward from FY 2002.
Massachusetts	General fund tax collections through January are \$1.275 billion below the revenue level set in the adopted budget. The budget was adopted on the assumption that revenues were already \$1 billion below the level projected in the budget.	Supplemental appropriations of \$500 million are expected in areas such as Medicaid, public safety and welfare.	The total budget gap in FY 2002 is now estimated at \$1.5 billion. Actions to deal with it include \$500 million in budget cuts, along with a \$772 million rainy day fund withdrawal (leaving a \$1.7 billion rainy day fund balance). The governor is considering an additional \$189 million in state agencies reversions.	The budget outlook for FY 2003 projects a \$2 billion budget gap. Reasons include declining revenues, phased-in tax cuts and rising expenses (e.g., Medicaid could grow by 11 percent in FY 2003).	No tax increases are being considered. The Senate is in favor of freezing a voter-approved personal income tax rate reduction. The House is considering the idea. The governor is not in favor of the proposal.	Tapping \$750 million from the rainy day fund and reducing the payout from lottery earnings are two proposals being considered to balance the budget in FY 2003.

State Fiscal Outlook For FY 2002—January Update

State	What's the revenue situation through the end of December? If revenues are on target with a revised forecast, how does the revision compare to the original estimate?	Are any areas of general fund spending over budget? If yes, what are they? Are there other areas of concern?	How large a budget gap does the state face in FY 2002? How is the state addressing that gap in FY 2002?	What's the budget outlook for FY 2003?	Are any tax increases being considered to close the budget gap in FY 2003?	What significant proposals are being discussed to balance the FY 2003 budget?
Michigan	General fund tax collections are on target with revised estimates through December. A January consensus revenue estimating conference reduced the FY 2002 forecast for general fund revenues by \$49.5 million (0.6 percent) and increased anticipated school fund collections by \$24.2 million (0.2 percent). A mid-October consensus revenue estimate lowered the outlook for general fund revenues by \$462 million and school aid revenues by \$256 million.	Caseload-driven costs will probably result in a Medicaid and welfare supplemental appropriation.	The state has addressed its FY 2002 general fund shortfall through a series of reductions, including \$21.9 million in capital outlay, \$285.3 million in general fund spending, \$12 million in work projects and \$144.6 million in transfers to the general fund.	The budget outlook is "tight" as FY 2003 general fund tax collections are projected to decrease by \$34.1 million (0.4 percent), and school aid revenues are projected to increase by \$383.2 million (3.8 percent). On a continuing services level, the FY 2003 general fund budget gap is projected at \$540 million.	No general tax increases are being considered at this time.	The governor submitted his FY 2003 spending recommendations Feb. 7.
Minnesota	The general fund revenue estimate was revised downward in November to 7.6 percent below the last official estimate in February 2001. A \$1.9 billion deficit was projected for FY 2002-2003. November-December revenues were \$2.8 million (0.1 percent) above the revised forecast, with a \$59 million shortfall in personal and corporate income taxes offset by sales, motor vehicle and other taxes and revenues.	Spending is on target, although pupil costs are up slightly.	The projected budget gap for FY 2002 is \$357 million, with unspent appropriations from FY 2001 helping cushion the current budget.	The governor has proposed a variety of budget cuts. Hearings are taking place on those proposals. A hold on state grants has been lifted. The budget reserve could be used, depending upon Fiscal Advisory Commission advice.	The governor has proposed increases in gas and cigarette taxes and extension of the sales tax to a number of services and institutional food sales.	The FY 2003 budget outlook is worse than FY 2002. The governor has proposed total reductions for FY 2002-2003 of \$700 million, including cuts in agency operations of between 5 percent and 10 percent and reductions in state aid to local governments.
Mississippi	Revenues through December were \$122.6 million (6.8 percent) below the budget estimate.	Medicaid is a big issue with a 60 percent (\$150 million) deficit through mid-January. Mental health spending is running about \$12 million over budget. Corrections spending is \$21 million over budget.	The FY 2002 budget gap is about \$285 million. To address it, most agency budgets have been cut by 3.3 percent. Protected areas include Medicaid, K-12 education, financial aid, district attorneys, the homestead exemption and debt service. Additional cuts for FY 2002 are possible. The rainy day fund also has been tapped for \$33 million (the governor has the authority to take \$50 million from this fund every year). Proposals have surfaced to use tobacco settlement funds.	The FY 2003 revenue estimate assumes 4.3 percent growth. The budget currently under consideration in the Legislature is balanced, but doesn't include the Medicaid deficit.	No tax increases are being considered at this time.	To address the FY 2003 shortfall, several proposals are being floated: using money from a road fund and bonding for the roads; accelerating sales tax collections to a weekly schedule; and using tobacco settlement dollars.

State	What's the revenue situation through the end of December? If revenues are on target with a revised forecast, how does the revision compare to the original estimate?	Are any areas of general fund spending over budget? If yes, what are they? Are there other areas of concern?	How large a budget gap does the state face in FY 2002? How is the state addressing that gap in FY 2002?	What's the budget outlook for FY 2003?	Are any tax increases being considered to close the budget gap in FY 2003?	What significant proposals are being discussed to balance the FY 2003 budget?
Missouri	Based on lagging revenue performance, a December revision to the FY 2002 revenue estimate now projects a -0.6 percent rate of growth. Sharp declines in income tax collections, relative to the budgeted forecast, are expected in coming months. The revision equates to \$520.8 million less than the original estimate, which projected 5.4 percent growth.	General fund expenditures remain on target.	The state is facing a \$520.8 million gap. To address the shortfall, it has implemented departmental budget withholdings. K-12 education, debt service and Medicaid were exempt. The governor also has proposed tapping \$88.5 million from tobacco settlement funds and sweeping \$30 million of earmarked funds into the general fund.	The budget outlook is grim. The revenue growth estimate for FY 2003 is 2.3 percent, but the state will carry over significant problems from FY 2002. The governor's FY 2003 budget includes tapping \$135 million from the rainy day and \$42 million from the tobacco settlement funds.	The governor has proposed increasing the adjusted gross receipts tax (primarily assessed on riverboat gaming) by 2 percent.	The governor also has proposed increasing riverboat gaming boarding fees \$1, removing the \$500 loss limit provision for the gaming industry and legalizing a new lottery game (keno-type game). Other proposals include a one-time tax amnesty program and reductions in the collection allowance granted to retailers who remit sales tax on time. These proposals would add up to \$229 million, earmarked for education funding.
Montana	Revenues projected to grow 3 percent are almost flat, barely exceeding last year's collections. Income taxes, which provide 50 percent of general fund revenues, and investment income from the coal tax trust fund are down.	There are cost overruns in human services in general and particularly in Medicaid, as well as some problems in corrections spending.	The slight surplus from FY 2001 is helping to carry the budget, but it will be eaten up if current trends continue.	The administration is considering service reductions in health care and lowering provider rates.	The governor, through her budget director, has said there will be no tax increases. In her state-of-the-state message, she indicated she is still looking for further income tax reductions.	Current trends are alarming. The state is in its fourth year of a drought, so high fire costs are possible next summer.
Nebraska	Revenues are \$7.5 million (0.6 percent) below the revised estimate and 4 percent behind the original target.	Spending is exceeding budgeted levels for some programs. Deficit requests are \$15 million for FY 2002 and \$35 million for FY 2003.	At the end of a special session (Oct. 25 through Nov. 8, 2001), the governor and Legislature realized there would still be a budget shortfall despite across-the-board cuts and other actions. The state still faces a \$58 million gap in FY 2002.	There is a projected FY 2003 gap of at least \$50 million. The exact size depends on actions taken this session.	There are several proposals. Tax increases are unlikely.	Actions are likely to be deferred until after revised revenue forecasts are issued Feb. 22.
Nevada	Revenue growth of 4.1 percent was expected, but both gaming and sales taxes were down 4.2 percent (\$40 million) through November with December figures not yet available. Soft Las Vegas business before New Year's contributed to weak gaming tax collections. Sales tax collections aided by car sales in October and November were better.	Medicaid and Temporary Assistance to Needy Families (TANF) caseloads are increasing significantly. Budget reserves are currently sufficient to cover TANF. Title XXI costs also are exceeding the budget.	The governor's hiring freeze continues, and some agencies are freezing one-time expenditures.	If cuts become necessary, K-12 education would be protected since it has a basic support guarantee.	No tax increases or other revenue enhancements are under consideration at this time.	Unless revenues turn around, there will be a budget gap to close.
New Hampshire	Through January, general and education fund revenues were \$13.1 million below forecast. The outlook is guardedly optimistic, with March (when corporate income taxes are due) an important month.	No areas of general fund spending are over budget.	There is no budget gap. The governor did cut 1 percent across the board to be on the safe side. The state is implementing capital projects sooner rather than later to bolster the economy.	The budget outlook for FY 2003 is the same. If business taxes are on target and hold, officials expect a \$4 million surplus (less than 1 percent).	No tax increases or other general revenue increases are being considered.	Not applicable.

State Fiscal Outlook For FY 2002—January Update

State	What's the revenue situation through the end of December? If revenues are on target with a revised forecast, how does the revision compare to the original estimate?	Are any areas of general fund spending over budget? If yes, what are they? Are there other areas of concern?	How large a budget gap does the state face in FY 2002? How is the state addressing that gap in FY 2002?	What's the budget outlook for FY 2003?	Are any tax increases being considered to close the budget gap in FY 2003?	What significant proposals are being discussed to balance the FY 2003 budget?
New Jersey	General fund tax collections are below the budgeted estimate and prior year actuals through mid-January. For the first time in 20 years, the state has reported five consecutive months of back-to-back declines compared to prior year collections. Major tax collections were down 14 percent in December compared to the same month in FY 2001. A newly revised estimate for FY 2002 projects a \$2.5 billion (10.9 percent) revenue shortfall.	General fund expenditures are \$400 million over the budgeted estimate. Overspending is reported in the state's property tax rebate, New Jersey family care and prescription drug programs and state employee health benefit plan.	Per the administration, the FY 2002 gap is \$2.9 billion. To address it, the new governor has announced plans for a 5 percent reduction in state spending and 650 state employee layoffs. The governor will present a detailed plan for addressing the budget gap Feb. 11. The only tax action to date is a reversal of an energy tax phase-out that will generate \$105 million in FY 2002. The rainy day fund will likely be tapped to offset some of the FY 2002 budget shortfall.	The FY 2003 budget situation is considered "extremely difficult" with the administration projecting a shortfall of \$5 billion.	No tax increases are being considered.	Securitizing the state's tobacco settlement payments has been proposed to deal with the budget gap in FY 2003.
New Mexico	Total FY 2002 general fund tax collections are forecast to decline by \$135 million (1.8 percent) from FY 2001. Accounting for nonrecurring FY2002 revenues, an actual decline of \$226 million is forecast.	Medicaid is the only program with FY 2002 spending overruns.	The FY 2002 budget gap is likely to be covered by a rainy day fund transfer. Agencies have not been directed to reduce their FY 2002 spending levels.	State agencies have spending requests 8.1 percent above FY 2002 appropriation levels. The Legislative Finance Committee recommends a 1.4 percent spending increase.	No general fund tax increases are under consideration.	The most significant proposals for balancing the FY 2003 budget are cuts in spending for some agencies and near flat growth for other areas.
New York	General fund tax collections were up from earlier estimates. The projected revenue shortfall in FY 2002 now stands at \$1.1 billion (2.6 percent). (The state fiscal year began April 1.)	General fund expenditures remain on target with budgeted estimates.	The total budget gap in FY 2002 is projected at \$1.1 billion. It will be addressed with a \$1.1 billion transfer from the rainy day fund.	The governor is projecting a \$5.7 billion (6.5 percent) budget gap in FY 2003. The governor's budget proposal calls for all fund spending to increase by 4.7 percent.	The Legislature approved a cigarette excise tax increase that will generate an additional \$150 million in state revenue in FY 2003. Approximately \$60 million in fee increases are being considered in FY 2003.	No legislative proposals for dealing with the budget gap will be put forth until March.
North Carolina	General fund tax collections are growing at a 2.5 percent rate compared to a budgeted rate of 4.5 percent.	Medicaid spending is over budget by about \$110 million. The state's 6.3 percent jobless rate is creating concern that the unemployment insurance fund will run a deficit.	The FY 2002 budget gap is projected at \$900 million, with \$600 million to \$700 million related to loss of revenue. The governor is considering reversions. He is also looking at significantly tapping state reserves, but the legislature doesn't support the idea.	The projected FY 2003 budget gap is \$500 million to \$600 million (about 4 percent of the budget). Anticipated Medicaid costs account for \$200 million of the projected gap.	No tax increases are being considered. No salary increases for state employees are expected in the next budget either. The governor has indicated that K-12 education funding will be "off the table" as a budget-balancing tool.	The governor is still pushing the idea of a state run lottery to help balance the FY 2003 budget.
North Dakota	Revenue collections were on track through the end of December. Total receipts were \$400,000 or 0.1 percent above the revenue estimate.	Spending is on target. Medicaid spending has the greatest potential for cost overruns.	There is no budget gap at this time.	Revenue forecasters predict a downward trend in revenue collections with individual and corporate income taxes lagging from projected levels. But carryover funds from the previous budget cycle should sufficiently cover the revenue shortfall.	No tax increases are being considered.	Available funds should be sufficient to cover expenditures.

State	What's the revenue situation through the end of December? If revenues are on target with a revised forecast, how does the revision compare to the original estimate?	Are any areas of general fund spending over budget? If yes, what are they? Are there other areas of concern?	How large a budget gap does the state face in FY 2002? How is the state addressing that gap in FY 2002?	What's the budget outlook for FY 2003?	Are any tax increases being considered to close the budget gap in FY 2003?	What significant proposals are being discussed to balance the FY 2003 budget?
Ohio	Revenue collections are on target with the revised December forecast, but \$319 million (3.3 percent) below the original estimate.	Ohio is still waiting to see if any areas of general fund spending are over budget. The state is concerned about Medicaid.	The projected shortfall was \$709 million in FY 2002 and \$763 million in FY 2003; however, the state took several actions to address the gaps. The governor imposed a 6 percent across-the-board cut (K-12 education was protected, along with school construction, veterans' homes and debt service). On the revenue side, the state will participate in a multistate lottery game and borrow from the tobacco settlement fund. The state may tap the rainy day fund (\$192 million in FY 2002 and \$56 million in FY 2003). The state also changed the local government funding formula.	The budget outlook for FY 2003 depends largely on the school funding lawsuit now pending.	Many of the measures already discussed should bring in even more revenue in FY 2003.	Measures implemented to balance the FY 2002 budget will help balance the FY 2003 budget.
Oklahoma	Revenues were 94 percent of estimated collections through December. The state appropriates at 95 percent of estimated revenues.	Medicaid expenditures are \$20 million over budget.	Although revenues are 1 percent below projection, state agencies have been directed to cut their budgets by 2.1 percent. The shortfall is on a one-year basis, but there are only six months remaining in the fiscal year so the cuts must total 2.1 percent.	The 2003 budget outlook is bleak. Preliminary estimates indicate a shortfall of \$260 million for all funds at the beginning of FY 2003. This amount can be reduced to about \$70 million through use of reserve funds and other measures, but a shortfall is expected.	Tax increases are not likely.	Additional agency budget cuts may be considered. The next official revenue estimate will be released Feb. 1 and it will serve as the basis for the next budget.
Oregon	General fund tax collections for the biennium are projected to be \$704 million (6.5 percent) below the budgeted estimate. Corporate income tax collections are particularly weak, with fourth quarter 2001 collections 71 percent below the same quarter a year ago. There is concern that negative state economic data could be an indicator of further revenue weakening.	General fund spending is over budget by \$125 million in three programs: TANF, adult corrections and the Oregon Health Plan.	The projected budget gap in the 2002-2003 biennium is \$830 million. The governor has proposed closing the gap with \$414 million in budget reductions and \$244 million in new taxes. The legislature is working on a budget-balancing alternative that would be presented in an upcoming special session. There is no support for tax increases in the legislature.	Most of the budget problems are in the second half of the biennium.	The governor has proposed a beer and wine tax increase that would generate \$44 million, a 30-cent cigarette tax increase that would generate \$67 million and a repeal of a previously approved personal income tax cut that would save \$133 million. The legislature is not supportive of any of the tax increase measures, but has yet to come to an agreement on its budget-balancing package.	The governor has proposed closing the spending gap through budget reductions, other resources such as surplus federal funds and new taxes. The Legislature is working on its proposal and does not support tax increases.
Pennsylvania	General fund tax collections were \$282 million under estimate through the end of December. This shortfall is expected to grow to \$622 million (3 percent) below the budgeted estimate by the end of the fiscal year.	General fund expenditures remain on target.	Across-the-board state agency holdbacks of \$366 million have been implemented, but an estimated \$314 million gap remains. The state is expected to tap its rainy day fund and possibly slow down a planned phaseout of the capital stock tax.	Anemic revenue growth is expected, although performance is expected to improve from FY 2002 levels.	Slowing the phaseout of the capital stock tax is under consideration. An increase in the poverty exemption level for personal income tax and the continuation of a computer sales tax holiday are under consideration.	All state programs will be under pressure to limit spending and identify cost savings. The governor proposes to tap \$550 million from the rainy day fund and participate in a multi-state lottery.

State Fiscal Outlook For FY 2002—January Update

State	What's the revenue situation through the end of December? If revenues are on target with a revised forecast, how does the revision compare to the original estimate?	Are any areas of general fund spending over budget? If yes, what are they? Are there other areas of concern?	How large a budget gap does the state face in FY 2002? How is the state addressing that gap in FY 2002?	What's the budget outlook for FY 2003?	Are any tax increases being considered to close the budget gap in FY 2003?	What significant proposals are being discussed to balance the FY 2003 budget?
Rhode Island	In the latest estimate (November 2001), revenues were down \$35 million. Rhode Island had forecast 0.4 percent growth and has realized -1 percent growth.	The primary areas over budget are Medicaid (\$12.1 million), cash assistance (\$2.3 million), prescription benefit for the elderly (\$3.4 million), school construction (\$2.4 million) and the department of children, youth and families (\$3.2 million).	The FY 2002 budget gap is \$70 million (\$35 million revenue shortfall and \$35 million in spending overruns). The governor has proposed shifting resources from other funds (e.g., greyhound racing and video lottery terminals) to the general fund in fiscal years 2002 and 2003. He also has proposed cutting the motor vehicle excise tax exemption and delaying \$17 million in capital projects.	The governor's budget has not been released, but the budget office forecasts a \$300 million deficit.	No tax increases currently are being considered.	There are no significant proposals to balance the FY 2003 budget at this time because the governor's proposal has yet to be released.
South Carolina	General fund tax collections were \$52 million (2.6 percent) below the revised estimate in December. Despite the revenue performance, the Board of Economic Advisors is projecting revenues to meet the revised estimate by the close of the fiscal year. Revenues need to grow 2.3 percent to sustain the revised growth estimate.	Following a 4 percent reduction in FY 2002 spending by the Budget Control Board, general fund expenditures remain on target.	Budget balancing measures include \$302 million in cuts and \$100 million withdrawn from the rainy day fund.	No budget shortfall is projected in FY 2003, in part because of the reduced base budget in FY 2002.	No tax increases are being considered.	Across-the-board spending cuts are receiving some consideration in the FY 2003 budget.
South Dakota	General fund revenues were \$17.6 million lower than the original FY 2002 estimate, primarily from a decrease in sales tax revenues.	General fund expenditures are on target.	Reserve funds will cover the revenue shortfall.	A shortfall is expected, and policymakers are proceeding with caution.	No tax increases are being considered at this time.	Reserve funds likely will be used for the FY 2003 budget shortfall. No other proposals are being discussed at this time.
Tennessee	General fund revenues have not improved. The shortfall stood at \$158 million through the end of December. Sales tax collections are \$70.5 million short and franchise/excise taxes are \$87.1 million under.	Expenditures are on target.	The state faces a budget gap of \$350 million in FY 2002. The governor has implemented a hiring and travel freeze. State officials are talking about a temporary sales tax. The state already used a portion of its tobacco settlement funds.	The state needs \$705 million in new revenue in FY 2003 to maintain current funding levels.	State officials currently are discussing options, but specific proposals are unknown at this time.	State officials currently are discussing options, but specific proposals are unknown at this time.
Texas	General fund tax collections remain on target with budgeted estimates through December. (Fiscal year began Sept. 1.) Sales tax collections are up 1 percent, which is below the 2.7 percent sales tax growth rate projected for the biennium. The outlook on revenue growth for the remainder of the biennium is positive.	General fund expenditures remain on target with budgeted estimates.	While there is no budget gap to mention in FY 2002, state agencies have been asked to review their spending plans. They have not been given a directive on any budget cuts.	There is a potential for problems in areas such as Medicaid and SCHIP as signs of caseload and prescription drug cost increases begin to appear. Any adjustments to spending in the biennium will occur during the 2003 legislative session.	The Legislature is not in regular session in 2002.	Any potential shortfall in the biennial budget would be addressed in the 2003 regular session.

State	What's the revenue situation through the end of December? If revenues are on target with a revised forecast, how does the revision compare to the original estimate?	Are any areas of general fund spending over budget? If yes, what are they? Are there other areas of concern?	How large a budget gap does the state face in FY 2002? How is the state addressing that gap in FY 2002?	What's the budget outlook for FY 2003?	Are any tax increases being considered to close the budget gap in FY 2003?	What significant proposals are being discussed to balance the FY 2003 budget?
Utah	Collections are on target with the October estimate, revised to reflect flat revenue growth. Collections were running 3 percent below the estimates made in spring 2001. Personal income tax and corporate franchise collections are down the most.	FY 2002 expenditures are on target, but budget reductions are anticipated to meet revised revenue conditions.	Based on original FY 2002 appropriations, there is a budget gap of \$202 million. A bill to reduce spending is not yet final.	The FY 2003 budget outlook is cautiously optimistic, based on 3.5 percent revenue growth from a new lower base.	No tax increases or other revenue enhancements are under consideration at this time.	All agencies will see budget reductions in FY 2003; travel expenses are targeted.
Vermont	The FY 2002 general fund revenue forecast was revised downward by another \$18 million (2 percent). The revenue forecast has been revised downward by \$40.5 million (4.5 percent) since July. Income tax revenues are running significantly below estimate.	No significant spending overruns have emerged.	The FY 2002 budget gap is \$21 million. Total rescissions are \$20 million for the year. Direct state support for K-12 education and human service benefit programs were not cut. One-time appropriations were delayed.	FY 2003 will be another difficult year. The governor recommended a budget with \$891 million in general fund spending (a 1 percent increase in base spending).	The governor proposed raising fees for motor vehicles and licensing. There may be consideration of raising the cigarette tax, but the governor did not include it in his budget proposal.	The governor's budget would greatly reduce spending.
Virginia	General fund revenue collections are projected to be short by \$996 million (9 percent) from the budgeted level. The projected growth rate under the revised estimate is now 0.8 percent compared to 6.7 percent in the adopted budget. Personal and corporate income tax collections are underperforming, while sales tax collections remain stable.	Some areas, including Medicaid and the children's health program, are over budget. General fund spending is about \$300 million over budget.	The FY 2002 budget gap is \$1.3 billion (11.8 percent). The state has addressed it by implementing a 2 percent across-the-board budget cut and using \$259 million in Medicaid intergovernmental transfer payments. A pending proposal would push the across-the-board cuts to 3 percent of the budget.	A potential budget gap of \$2 billion looms over the 2003-2004 biennium.	No tax increases are being considered at this time.	Proposals to balance the budget in the upcoming biennium include redirecting revenue generated by the ½ cent sales tax on motor fuels from the highway trust fund to the general fund, enacting \$400 million in across-the-board cuts and shifting school construction funding.

State Fiscal Outlook For FY 2002—January Update

State	What's the revenue situation through the end of December? If revenues are on target with a revised forecast, how does the revision compare to the original estimate?	Are any areas of general fund spending over budget? If yes, what are they? Are there other areas of concern?	How large a budget gap does the state face in FY 2002? How is the state addressing that gap in FY 2002?	What's the budget outlook for FY 2003?	Are any tax increases being considered to close the budget gap in FY 2003?	What significant proposals are being discussed to balance the FY 2003 budget?
Washington	Revenue estimates were adjusted down \$914 million (4 percent) for the biennium in November 2001. Revenue collections currently are tracking with the revised forecast. The next forecast will be in mid-February, but only marginal changes are expected.	Overruns have increased since June, totaling between \$300 million and \$400 million for Medicaid, corrections, tort liabilities and lawsuits, fire fighting, and K-12 education. Health care per capita expenditures may increase sharply beyond current projections.	Moderate revenue gains were offset by increased health care expenses, so the budget gap remains at \$1.25 billion (4.9 percent) for the biennium. The governor's budget addresses the gap mostly through cuts but also calls for an \$80 million tap of the rainy day fund. Human services are most affected. K-12 education is protected. Other actions include increasing state employee contributions to health care plans, reducing local government funds and pension payments, and allowing higher education institutions to set tuition rates. The governor's budget also proposes a 10 percent statewide tax on gambling, repeal of a tax exemption, participation in the Big Game lottery and increasing staff at the revenue department to boost collections. Reserve funds may be tapped. The legislature may consider K-12 education for budget cuts and is looking for funds to restore some human services funding.	The budget gap for the 2003-04 biennium is expected to be \$500 million to \$1 billion. Legislators are very concerned this year with finding a transportation funding solution, such as raising the gas tax. This issue is likely to go the voters. Structural problems in the state's operating budget are likely to receive more attention in future sessions.	Nothing is being discussed at this point for the 2003-04 biennium.	Nothing is being discussed at this point for the 2003-04 biennium. Washington is likely to lag in economic recovery because of its dependence on the aerospace industry.
West Virginia	FY 2002 revenue collections were \$43.1 million (3.4 percent) more than projected through the end of December. Corporate and personal income tax revenues are running ahead of estimates; sales taxes are behind.	General fund expenditures are on target.	There is no budget gap in FY 2002.	The FY 2003 budget appears to be OK. Because revenue growth is expected to slow to 1 percent, agencies have been asked to cut their budget requests by 3 percent.	Tax increases are not likely to be considered.	Agencies have been asked to cut budget requests by 3 percent.
Wisconsin	A revised general fund estimate for the 2001-2003 biennium, (which covers FY 2002 and FY 2003) projects revenues will be short \$1.12 billion (5 percent) compared to the budgeted estimate. The revenue shortfall is expected to be \$450 million in the first half of the biennium and \$600 million in the second. Personal income and sales tax collections have fallen from projected levels.	General fund expenditures are on target with the budgeted estimate, but some pressures are expected in medical assistance.	The total budget gap for the 2001-2003 biennium is \$1.12 billion (5 percent). The governor has proposed a budget reform package, but it has not been introduced in the Legislature. A major aspect of the governor's proposal is possible elimination of the state's revenue sharing program. Most state agencies would see budget cuts of 3.5 percent in the first half of the biennium and 5 percent in the second. The Legislature supports across-the-board cuts and use of more tobacco settlement funds.	The total budget gap for the 2001-2003 biennium is \$1.12 billion (5 percent).	No general tax increases are being considered.	The governor is proposing balancing the budget without any tax increases and would implement a series of state and local government spending cuts. The state spending cuts would affect most state agencies.

State	What's the revenue situation through the end of December? If revenues are on target with a revised forecast, how does the revision compare to the original estimate?	Are any areas of general fund spending over budget? If yes, what are they? Are there other areas of concern?	How large a budget gap does the state face in FY 2002? How is the state addressing that gap in FY 2002?	What's the budget outlook for FY 2003?	Are any tax increases being considered to close the budget gap in FY 2003?	What significant proposals are being discussed to balance the FY 2003 budget?
Wyoming	<p>Most revenues through December were ahead of projections. The general fund revenue estimate was revised slightly upward for FY 2002 (less than 1 percent) due to higher than anticipated sales and use tax revenues. The increase more than offset decreases in severance tax and interest income, which were lowered slightly from the original forecast. Total mineral severance tax and federal mineral royalty forecasts were lowered for FY 2002 and FY 2003, but not significantly. All other revenue forecasts are on target.</p>	<p>General fund expenditures are on target.</p>	<p>There is no budget gap.</p>	<p>The governor's proposal for the 2003-2004 biennium left \$61 million in the general fund (or budget reserve account). Depending on legislative action, there appears to be adequate revenue available for the 2003-2004 biennium.</p>	<p>The revenue committee has submitted an omnibus tax bill for consideration by the Legislature in the event additional tax revenue is needed.</p>	<p>There do not appear to be any issues with balancing the budget.</p>

Source: National Conference of State Legislatures, January 2002




**NATIONAL CONFERENCE
of STATE LEGISLATURES**

Home
My NCSL
Contact/Ask NCSL
Search
Site map

You are logged in

+ MyNCSL

NCSL Services Policy Issues State Legislatures Information Exchange State-Federal Relations Legislative Staff

Fiscal Affairs Program

State Fiscal Outlook For FY 2002--January Update

Posted 6 February 2002

This report is available in its entirety free to NCSL constituents and for \$25.00 to non-constituents. Please call Lisa Houlihan at 303-830-2200 x160 to order a copy.

The downward spiral in state fiscal conditions continues, with nearly every state reporting a budget gap. A January 2002 survey conducted by the National Conference of State Legislatures (NCSL) revealed that although the bulk of the problem is on the revenue side of the ledger, a growing number of states are facing spending overruns.

This report is based on information collected from legislative fiscal directors in late January. It covers the revenue and expenditure situation through December 2001, with January updates when they were available. While most of this report addresses budget problems in FY 2002, it also takes a look at fiscal developments affecting FY 2003 budgets.

These are the highlights of NCSL's January survey update:

- Revenues continue to be anemic. Forty-five states and the District of Columbia report that revenues have failed to meet budgeted levels.
- Nearly half the states have revised their FY 2002 revenue forecasts down. In eight of these, revenue collections are failing to meet the revised levels.
- Five states--Louisiana, North Dakota, Texas, West Virginia and Wyoming--report that revenues are on or slightly above target. Wyoming has revised its forecast up slightly, due to higher than anticipated sales and use tax revenues.
- Twenty-eight states and the District of Columbia report that spending is above budgeted levels. Medicaid is over budget in 23 states, with another five expressing concern that it could exceed budgeted levels in coming months.
- Other programs exceeding budgeted amounts include temporary cash assistance, mental health, corrections, state employee health plans, education, security and prescription drug assistance for the elderly.
- At least 30 states have implemented budget cuts or holdbacks to address fiscal problems in FY 2002. Another nine report that cuts are possible before the fiscal year ends.
- Most state programs have been affected by budget cuts. The magnitude of budget gaps has been significant enough that even programs that often are spared from cuts, such as K-12 education, have been reduced in some states.
- Fifteen states and the District of Columbia already have tapped reserve funds to help balance their FY 2002 budgets. Another 10 states may tap reserves. At least eight states have or will consider tapping tobacco settlement funds.

- Thirty states have implemented belt-tightening measures. At least seven states have delayed, reduced or canceled capital projects. Several others have shifted financing for these projects from general fund support to bonds. At least two states have refinanced outstanding debt.
- Other measures enacted or under consideration to help balance the FY 2002 budget include hiring freezes, redirecting special fund revenues into the general fund, boosting gaming revenues, delaying scheduled tax cuts and increasing state employee contributions to health care plans.
- Two states--Arizona and California--will address FY 2002 budget problems in special sessions that run concurrently with regular sessions. Oregon, which is not scheduled to meet in regular session this year, expects to hold a special session to address growing budget problems.
- At least 37 states and the District of Columbia face potential budget gaps in FY 2003. Most of the projected budget shortfalls are due to weak revenues and increasing costs in program areas like Medicaid and K-12 education.
- Tax proposals to help balance FY 2003 budgets are under consideration in 19 states.

Table 1.

Key Fiscal Developments in FY 2002

January Update

Key Fiscal Developments	October 2001 (Number of States)	November 2001 (Number of States)	January 2002 (Number of States)
Revenues below projections	44	44	46
Expenditures over budget	17	22	30
Budget cuts or holdbacks	28	36	39
Use of reserves	20	24	26
Other measures to balance the budget	14	22	30

Source: National Conference of State Legislatures, October 2001; Updated November 2001 and January 2002

See also:

State Fiscal Outlooks since 1998, including the two most recent:

State Fiscal Outlook 2002: November update (also available in portable document format)

State Fiscal Outlook 2002: October update

Visitor counts for this page.

National Conference of State Legislatures
INFO@NCSL.ORG (autoresponse directory)

Denver Office:
1560 Broadway, Suite 700
Denver, CO 80202
Tel: 303-830-2200
Fax: 303-863-8003

Washington Office:
444 North Capitol Street, N.W., Suite 515
Washington, D.C. 20001
Tel: 202-624-5400
Fax: 202-737-1069

2/26/02

ALASKA DEPARTMENT OF REVENUE DRAFT

page 2 of 3.

Alaska SALES TAX Interactive	
Sales Tax Rate:	3%
Total Exemptions Selected (page 1):	54
TOTAL Sales Tax Revenue Generated:	\$447,076

Insert your SALES TAX rate. Then, go to "exemptions input page tab" and choose your sales tax exemptions.

Please see assumptions below.

Sales Tax Revenue		Exemptions	Percent of Alaska Sales Tax Revenue
Accommodations & Food Services	\$ 31,964	0	7.15%
Retail Trade	\$ 184,815	2	41.34%
Health Care & Social Assistance ²	\$ -	15	0.00%
Education ²	\$ -	3	0.00%
Professional, Scientific & Technical Services	\$ 28,376	0	6.35%
Administrative Support & Waste Management & Remediation	\$ 17,765	0	3.97%
Arts, Entertainment & Recreation ²	\$ 5,048	0	1.13%
Wholesale	\$ -	15	0.00%
Real Estate & Rental & Leasing	\$ 8,898	1	1.99%
Information	\$ 31,158	0	6.97%
Mining	\$ -	3	0.00%
Utilities	\$ -	1	0.00%
Construction	\$ -	3	0.00%
Manufacturing	\$ -	10	0.00%
Transportation & Warehousing	\$ 100,406	0	22.46%
Finance & Insurance	\$ 29,281	0	6.55%
Other Services (except Public Administration)	\$ 9,160	1	2.05%
Management of Companies/Enterprises	\$ 205	0	0.05%

Sector	Estimated sales, receipts or revenue 1997 (\$1000) ¹	SALES TAX Revenue (\$1000)	Percent of Alaska Sales Tax Revenue
Accommodations & Food Services	\$ 1,065,459	\$ 31,964	7.15%
Retail Trade	\$ 6,160,508	\$ 184,815	41.34%
Health Care & Social Assistance ²	\$ -	\$ -	0.00%
Education ²	\$ -	\$ -	0.00%
Professional, Scientific & Technical Services	\$ 945,873	\$ 28,376	6.35%
Administrative Support & Waste Management & Remediation	\$ 592,161	\$ 17,765	3.97%
Arts, Entertainment & Recreation ²	\$ 168,275	\$ 5,048	1.13%
Wholesale	\$ -	\$ -	0.00%
Real Estate & Rental & Leasing	\$ 296,593	\$ 8,898	1.99%
Information	\$ 1,038,594	\$ 31,158	6.97%
Mining	\$ -	\$ -	0.00%
Utilities	\$ -	\$ -	0.00%
Construction	\$ -	\$ -	0.00%
Manufacturing	\$ -	\$ -	0.00%
Transportation & Warehousing	\$ 3,346,867	\$ 100,406	22.46%
Finance & Insurance ³	\$ 976,040	\$ 29,281	6.55%
Other Services (except Public Administration)	\$ 305,343	\$ 9,160	2.05%
Management of Companies/Enterprises	\$ 6,844	\$ 205	0.05%
	14,902,557	\$ 447,076	100.01%

¹ Only includes sales, revenue or receipts from employers with paid employees. Nonemployers account for roughly 3% of business activity. Auxiliaries, excluding corporate subsidiaries and regional managing offices, are also not included for confidentiality reasons.

² Only includes firms subject to the federal income tax.

³ Only includes credit intermediation & related activities and agencies, brokerages & and other insurance related activities.

ASSUMPTIONS:

- (1) No increases or decreases in revenue with changes in the economy and/or population after 1997.
- (2) No increase in mail order, direct TV or internet sales as a percent of total value of sales from 1997.
- (3) Non-compliance with the sales and use tax is zero.
- (4) Changes in the sales tax rate do not result in changes in consumer or business choices (e.g., increase in out-of-state purchases).
- (5) Exemptions are not legislatively prohibited.
- (6) Industry classifications correspond closely to the good or service.

Source: U.S. Department of Commerce, Bureau of Census: "1997 Economic Census"

[MSN Home](#)
[My MSN](#)
[Hotmail](#)
[Web Search](#)
[Shopping](#)
[Money](#)
[People & Chat](#)
[Sign Out](#)



[Home](#)
[Inbox](#)
[Compose](#)
[Address Book](#)
[Options](#)
[Help](#)

rynnieva@hotmail.com

Save Address(es)

Block

[Previous](#)
[Next](#)
[Close](#)
From : ""<akreg@gci.net>

Reply-To : ""<akreg@gci.net>

To : "Rynniewa & Del" <rynnieva@hotmail.com>

Subject : TAX ALERT!!!

Date : Sat, 9 Feb 2002 22:49:35 -0900

[Reply](#)
[Reply All](#)
[Forward](#)
[Delete](#)
[Put in Folder...](#)
[Printer Friendly Version](#)

ALASKANS FOR RESPONSIBLE GOVERNMENT
AKREG@GCI.NET

Are you concerned about Alaska's \$7.126 BILLION dollar Bloated Budget and the move by the Knowles/Ulmer Administration to reach into your pockets for another \$400 MILLION?

If so - you need to take action NOW!

Representative John Coghill, Chairman of the House State Affairs Committee, has called for hearings next week on 5 TAX bills. Rep. Coghill is NOT in favor of levying taxes - he is holding these hearings to bring attention to the issue of taxation.

You need to email Rep. Coghill with your views on Alaska's budget. He will pass your opinion on to the other members of his committee and the other members of the legislature. Rep. Coghill's email is:

Representative_John_Coghill@legis.state.ak.us

The State Affairs Committee will be considering the following House Bills:

Tuesday - February 12th 8:00 a.m. - Room 205 - Butrovich Room

HB 303 By Representatives Whitaker, Fate, Lancaster
 Relating to Levy and Collection of Sales Tax

Thursday - February 14th (Happy Valentines Day) - 8:00 a.m. - Room 205

HB 10 By Representative Moses
 Relating to Taxation of Income

SSH3 199 By Representatives Hudson, Scalzi
 Relating to Taxation, Including Taxation of
 Income

Saturday - February 16th 10:00 a.m. - Room 205

HB 69 By Representative Rokeberg
Relating to Income of the Permanent Fund

HB 304 By Representative Whitaker, Fate
Relating to Disposition of the Permanent Fund

If you are concerned about Alaska's ballooning budget - then you need to let Rep. Coghill know your views - Don't wait - email NOW!

The following is a brief breakdown of Alaska's Budget.....

FY02 (millions)	
7,126.2	TOTAL STATE SPENDING
2,417.1	General Fund
2,097.9	Federal Funds
743.8	Statutorily Restricted
71.4	Dedicated
87.1	Trust
1,708.9	Permanent Funds
2,417.1	General Fund Budget
927.2	Core Government
750.7	Local Schools
338.8	Grants/Formula Programs
195.5	University
114.0	Capital Projects
29.7	Local Government Assistance
61.2	Debt Service & Fund Capitalizations
1,543.9	Projected Existing General Fund Revenues
873.2	Projected Fiscal Gap
4,570.3	Cash Reserves

ALL OF THE LEGISLATORS EMAIL ADDRESSES CAN BE FOUND AT THE END OF THIS EMAIL.....

The following are comments from Alaskans about Alaska's fiscal problems

I would like to state, on behalf of the two voters in this household, that we are adamantly against an income tax, especially a progressive tax of any kind. That is too socialist for us. We would wholeheartedly support a sales tax, as it is a fair and equal way to tax consumption by the populace and raise revenue. Before any taxes take place, some strong arm budget cuts need to be made. Granted, budget cuts may be unpopular with some people, but they must be made and someone needs to step up to the line and get them done.

Thank you,

I Have never written legislators or testified concerning state budget matters, but my resistance has been overcome by the posturing and lack of courage to take actions necessary to put the State on a sound fiscal course. I am copying all members of the legislature, so those characterizations may or may not fit any particular recipient of this message. Even if it fits, my intention is not so much to offend as it is to voice a challenge to be forthright in addressing the budget. For anyone who has not read "Profiles in Courage" by Jack Kennedy, I commend it to you, as it enables the reader to see that doing what is right is far and

away better than doing what is popular.

I have heard the "gap" figured at around \$1 billion this year. I will forego commenting on the need to control spending, the need to create motivation at the agency and employee level to actively question how functions can be prioritized and accomplished at lesser cost (i.e., the type of motivation and response the private sector employs of necessity as it has no power to tax others), and the availability of other funding sources. Rather, I wish to challenge the legislature to address the wisdom as well as the moral and economic propriety of continuing the PFD giveaway in unabated fashion in perpetuity. I can already hear minds calculating the votes (99 constituents against touching "my" PFD for each 1 willing to give up a portion of the giveaway for the sake of fiscal solvency). Recognizing the politics involved, I have little hope that the legislature will act, but am making my comments despite the odds.

The Permanent Fund was not created for the purpose of enabling the state to hand out \$1,700 checks every year to every toddler, every mailbox bashing bored teenager, every Seattle retiree who decided to move to Alaska to be near children (or fish), every snow birding millionaire, or every member of my family. Rather, the Fund was created to provide a savings account in which revenues excess to current needs would accumulate and grow until such time as they could be tapped to cover necessary budget components for which declining oil revenues proved insufficient. Lest you think I am proposing an invasion of the Fund or a depletion of its principal, I am not. Nor am I proposing that inflation proofing end. Contributions to the Fund, and inflation proofing can continue unabated until such time as the fiscal demands are even greater than at present.

What I find unconscionable is the insistence that the State maintain the public circuses (unlimited PFD's) lest the voters revolt. Many, and possibly most citizens of Alaska were not born here, but came of their own free will because they thought it in their best interest to do so, just as others move to Seattle, Florida, Texas, or anywhere else seeking a better job, climate, life, etc. We do not need to pay everyone for moving to, or remaining in Alaska.

I have three children who receive PFD's every year. Make no mistake, it's nice to get the money. Like most others, it goes to Costco (headquartered outside Alaska with most shareholders outside Alaska) or Alaska Airlines (Seattle), or Charles Schwab (with no meaningful benefit to Alaska) or a condo rental in Hawaii. Some small portion no doubt trickles down within the state, in theory helping to create a few more jobs (which add nothing to the State revenue base and only add more mouths at the PFD trough). It's unfortunate that the majority of people (whether in Alaska or elsewhere) seem to evaluate right and wrong, fair and unfair, largely in reliance on the impact to their personal wallet. It is equally unfortunate when elected representatives are unwilling to explain the facts of life and risk non-retention.

This year the State will take in a stream of revenues. Of those revenues, roughly \$1 billion will then be mailed out to every resident, irrespective of any need-based considerations, irrespective of any deliberate policy determination that the benefits merit such an expenditure, and irrespective of the fact that roughly \$200-300 million of those State revenues will be needlessly siphoned off to the U.S. Treasury in the form of income taxes.

The budget gap could be closed in a heartbeat if the State would close down the PFD bribe system (we pay you, you let us save some current revenue for future needs instead of wasting it all each year). The budget gap could be reduced to a modest problem if we even capped PFD's at, say \$500 (still enough of a bribe to keep folks going to the public circus). Or, if the shock is too much to bear, cap it at a tolerable level with step down decreases over 3-5 years to wean people from the trough.

Unfortunately, the political current seems to be flowing in the direction of imposing income taxes. The target, seen all too often in political spheres, is to divide the population and put the burdens on the lesser number of voters in order to ensure continued favor with the greater number of voters. As Alaskans who would like to see ANWR developed, we know what that feels like (congressional members who are adamant in opposing oil and gas development because they can count the votes in their district). Its too bad we are so quick to parrot that approach to decision making. Instead of dealing with runaway PFD outflows, an income tax will, sooner or later, be imposed. Those who drag themselves out of bed, bleary-eyed, and trudge off to work each day to earn a living, will have their pockets tapped so the State can simply give the money to others (toddlers, unemployed teens, millionaire retirees, etc.).

If the State needed an income tax in order to pay for health care, to address the scourge of poverty for those who due to circumstances are unable to have decent housing, nutrition, clothing, etc., to build out sewer and water infrastructure where it is lacking, I would be the first to step up and gladly pay an income tax (or donate to charities absent an income tax). If the State needed an income tax to create or continue any program which, on its merits, was deemed necessary, I might disagree on a case by case basis, but would defer to the collective judgment. Where I draw the line, and urge the legislature to draw the line, is when an income tax is not imposed to carry out any government function at all, but simply to redistribute income from those who earn it to those who do not (with a hefty slice going to Uncle Sam).

Is there a valid economic reason to impose an income tax and keep paying \$1 billion out in PFD's each year? No. Is there a state government need which will not be otherwise met? No. Is there a need-based rationale to take income from those who earned it and simply give everyone a check (Marx would love the concept)? No. Is there any other state government in the United States, or any national government on the face of the planet which taxes income for the sole purpose of redistributing it on a non-need based, non-program based approach? No.

There is no budget gap. The State takes in enough revenue to fund the expense side. Where we get into red ink is only after taking \$200-300 million of State revenue each year to send (indirectly) to the U.S. Treasury, and sending another \$700-1,000 million of State revenue to every person who meets minimum residency requirements and has a pulse. If the legislature is looking for a way to reduce the PFD burden without cutting PFD's, perhaps an income tax is the way to go. Those who work hard and create jobs for others will eventually move out of state (fewer PFD obligations). Of course, they might be offset by the inflow of others who want to take their vacated spot at the public trough. Thanks for reading this, and may your conscience be your guide
JUST SOLVE THE PROBLEM

If our deficit is \$1B. Cut spending. Why is it that all elected representative, whether state or federal, refuse to understand this when they are spending someone else's money?

If it's your personal finances, what do you do when your income drops? You cut your spending. Why is this so hard to understand, when it relates to government?

A Plan That Would Work:

1. Cut Permanent Fund Dividend payments to everyone in the state. Initiating a State Income Tax in Alaska, while giving away money to all citizens of the state is ludicrous! We as citizens of the state DO NOT DESERVE a Permanent Fund Dividend, when the states' expenses are almost twice as much as it's revenues. In fact we don't deserve a PFD under any circumstances. The only reason our

representatives haven't voted to repeal it is because they would be unpopular and all they want is to get re-elected-NOT do what is right for the state!

2. Initiate a 5% State sales tax-it is the only fair tax, and we get tourists to pay also. Everyone pays, unlike an income tax where only those that work pay.

3. Cut State Spending to balance the budget this and every year, regardless the impact on state services. I don't have the actual volume that #1 & #2 above will pull into the treasury-but you do. Whatever the amount, cut an adequate amount from spending to balance the budget, without pulling it from reserves. Yes, it will hurt many people, but if we don't have the money-we don't have the money.

Think about why state revenues are down-production is down, and it will continue to decline at a rate of 5%---it isn't coming back. The only way to get revenue back to previously high levels is to produce ANWR.

It's ludicrous to think that the legislature is willing to spend \$12MM on promoting tourism, when you're only willing to spend \$1MM on promoting ANWR. The budget can't be balanced with tourism unless you tax each tourist thousands of dollars to come to Alaska!

Solving this problem will not be easy or pleasant. But you weren't elected to get paid and not do what is right-we want solutions. In business if you don't perform-you get fired.

If you don't perform we will do everything we can to elect someone else. We don't want excuses we want you to do what is right. And yes, you might not get re-elected if you do solve the problem-but you will know that you did something you can be proud of the rest of your life. You will also know that those before you didn't have the guts to do the right thing, but you did.

A concerned citizen;

I am an Anchorage resident. I have been following the legislature's debate of the State's fiscal gap closely, as I hope other Alaskans have. I believe the answer is very simple. You can not spend what you do not have. The state must do as all citizens and businesses do when we are in financial straits. We cut back. I have heard very little from anyone in the legislature about cutting payroll, non-essential services and travel expenditures. Perhaps you should threaten to take our Permanent Fund Dividends away from us too. Scare tactics work good when you are trying to divert the public from the real issue, which is the State is overspending. The citizens are not getting their moneys worth. There is too much governmental waste.

Why not start with trimming the fat first? Why is it that the State has the largest number of employment ads consistently when I look at the Anchorage Daily News classifieds? Not only does the State have the most ads, but the wages are higher than any other private sector counterpart. Can anyone please tell me what the annual payroll expenditure is for the State of Alaska? How much money would a 10% reduction be equal to? Maybe not enough to fill the so-called gap, but, hey it's a start. Then perhaps we could reduce each department budget by 20%. What kind of figure would that be?

I think you should put a panel of 12 residents together, give them red pens and let them have a look at the budget.

I was talking to an Anchorage proprietor last week whose business was

directly and negatively affected by the events of September 11. The first thing he did was to cut the salary of the officers of the business. He knows that in order to meet the necessary obligations of his business, he had to make cuts. But that business is doing what it takes to survive one more year.

I obviously have the time to e-mail every senator, legislator and representative. Believe me, if nothing is done to reduce the State budget before new taxes are enacted, I will have the time to talk to the constituents in your districts. I have a feeling that I am not the only hard working Alaskan that views our budget (overspending) gap this way. The answer is not to take more money from the residents, but to live within your means, which is what the residents have not choice but to do. Thank you for your time.

Sincerely,

LEGISLATIVE EMAIL ADDRESSES:

<Senator_Rick_Halford@legis.state.ak.us>,
<Senator_Loren_Leman@legis.state.ak.us>,
<Senator_Johnny_Ellis@legis.state.ak.us>,
<Senator_Alán_Austerman@legis.state.ak.us>,
<Senator_Kim_Elton@legis.state.ak.us>,
<Senator_Robin_Taylor@legis.state.ak.us>,
<Senator_John_Cowdery@legis.state.ak.us>,
<Senator_Lyda_Green@legis.state.ak.us>,
<Senator_Georgianna_Lincoln@legis.state.ak.us>,
<Senator_Gene_Therriault@legis.state.ak.us>,
<Senator_Bettye_Davis@legis.state.ak.us>,
<Senator_Donny_Olson@legis.state.ak.us>,
<Senator_John_Torgerson@legis.state.ak.us>,
<Senator_Dave_Donley@legis.state.ak.us>,
<Senator_Lyman_Hoffman@legis.state.ak.us>,
<Senator_Randy_Phillips@legis.state.ak.us>,
<Senator_Jerry_Ward@legis.state.ak.us>,
<Senator_Pete_Kelly@legis.state.ak.us>,
<Senator_Ben_Stevens@legis.state.ak.us>,
<Senator_Gary_Wilken@legis.state.ak.us>,
<Representative_Brian_Porter@legis.state.ak.us>,
<Representative_Jeannette_James@legis.state.ak.us>,
<Representative_Ethan_Berkowitz@legis.state.ak.us>,
<Representative_Harry_Crawford@legis.state.ak.us>,
<Representative_Richard_Foster@legis.state.ak.us>,
<Representative_Joe_Hayes@legis.state.ak.us>,
<Representative_Beth_Kerttula@legis.state.ak.us>,
<Representative_Beverly_Masek@legis.state.ak.us>,
<Representative_Eldon_Mulder@legis.state.ak.us>,
<Representative_Drew_Scalzi@legis.state.ak.us>,
<Representative_Con_Bunde@legis.state.ak.us>,
<Representative_Eric_Croft@legis.state.ak.us>,
<Representative_Joe_Green@legis.state.ak.us>,
<Representative_Bill_Hudson@legis.state.ak.us>,
<Representative_Vic_Kohring@legis.state.ak.us>,
<Representative_Lesil_McGuire@legis.state.ak.us>,
<Representative_Lisa_Murkowski@legis.state.ak.us>,
<Representative_Gary_Stevens@legis.state.ak.us>,
<Representative_Mike_Chenault@legis.state.ak.us>,
<Representative_John_Davies@legis.state.ak.us>,
<Representative_Gretchen_Guess@legis.state.ak.us>,
<Representative_Albert_Kookesh@legis.state.ak.us>,
<Representative_Kevin_Meyer@legis.state.ak.us>,

<Representative_Scott_Ogan@legis.state.ak.us>,
<Representative_Jim_Whitaker@legis.state.ak.us>,
<Representative_Sharon_Cissna@legis.state.ak.us>,
<Representative_Fred_Dyson@legis.state.ak.us>,
<Representative_Andrew_Halcro@legis.state.ak.us>,
<Representative_Reggie_Joule@legis.state.ak.us>,
<Representative_Pete_Kott@legis.state.ak.us>,
<Representative_Carl_Morgan@legis.state.ak.us>,
<Representative_Bill_Williams@legis.state.ak.us>,
<Representative_John_Coghill@legis.state.ak.us>,
<Representative_Hugh_Fate@legis.state.ak.us>,
<Representative_John_Harris@legis.state.ak.us>,
<Representative_Mary_Kapsner@legis.state.ak.us>,
<Representative_Ken_Lancaster@legis.state.ak.us>,
<Representative_Carl_Moses@legis.state.ak.us>,
<Representative_Norman_Rokeberg@legis.state.ak.us>,
<Representative_Peggy_Wilson@legis.state.ak.us>

[Reply](#)[Reply All](#)[Forward](#)[Delete](#)[Put in Folder...](#)[Previous](#) [Next](#) | [Close](#)

 **More Useful Everyday**

[MSN Home](#) [My MSN](#) [Hotmail](#) [Web Search](#) [Shopping](#) [Money](#) [People & Chat](#)

© 2002 Microsoft Corporation. All rights reserved. [TERMS OF USE](#) [Advertise](#) [TRUSTE](#) [Approved Privacy Statement](#)

[GetNetWise](#)

Subject: State Budget

Date: Mon, 11 Feb 2002 09:56:15 -0900

From: Dave Ausman <polarak@gci.net>

Organization: Polarconsult Alaska, Inc.

To: Representative_John_Coghill@legis.state.ak.us

John,

I'm very glad you are as interested in this problem.

I would like to see long-term solutions from our leadership in Juneau instead of more cowardly legislation that heaps the problem on the back of working Alaskans. Such short sighted solutions may help the current administration postpone tough budgeting decisions but obviously does so at the expense of state economic health.

For a variety of reasons, the correct solution is to cut state spending drastically and change the revenue source to capture income generated in state by non-residents.

Unfortunately, the permanent fund dividend has become a subsidy and attracts large, low income families to the state. More and more it is being seen as an entitlement by the same individuals. Use of state funds in this way represents an indirect tax on those Alaskan's that sacrifice to build a healthy future. Dare it be suggested that the permanent fund be used for what it was intended, that is assisting the state in meeting the budget during a time of declining oil revenue?

Let me know if there is anything I might do to help you in this effort.

--

David Ausman, P.E.
Polarconsult Inc.
1503 W 33rd Ave #310
Anchorage AK 99503

(907)258-2420 phn.
(907)258-2419 fax.
polarak@gci.net

Subject: Income TAXES

Date: Mon, 11 Feb 2002 07:59:39 -0600

From: "David Matsuno" <dmatsuno@gci.net>

To: <Representative_John_Coghill@legis.state.ak.us>

Dear Representative Coghili:

It is my view that the Alaska Legislature can undertake responsible spending instead of levying taxes from Alaskans for their/our budget needs. There shouldn't be any need for income taxes with our oil/permanent fund monies. Responsible spending means allocating for those programs that we need and eliminating the "pork". Those that have their own interests in mind shouldn't be there in the first place. The good of all and long term stability are important to our state.

Sincerely,

David Matsuno

3701 Eureka St., #77A

Anchorage, AK 99503

Subject: State Budget and New Taxes

Date: Sun. 10 Feb 2002 21:19:07 -0600

From: "Randy Frank" <randyfrank@mosquitonet.com>

To: "Gary Wilken" <Senator_Gary_Wilken@legis.state.ak.us>,
"Gene Therriault" <Senator_Gene_Therriault@legis.state.ak.us>,
"Jeannette James" <Representative_Jeannette_James@legis.state.ak.us>,
"Jim Whitaker" <Representative_Jim_Whitaker@legis.state.ak.us>,
"Pete Kelly" <Senator_Pete_Kelly@legis.state.ak.us>,
"John Coghill" <Representative_John_Coghill@legis.state.ak.us>

Dear Legislators,

I do not like all of this talk about new taxes without much mention about how much the State already spends per capita. But, I am a realist in this area and I know that all of us benefit in one way or the other from state spending. Few, if any of us don't apply for the Permanent Fund Dividend or give it back to the State.

If someone tells you that they don't benefit from government spending they are either lying or very uneducated about how dependant our society is on not only State dollars but also on Federal dollars. I sometimes laugh to myself listening to some of the most conservative voices out there complaining constantly about government waste when I know that they work or used to work for some government entity. Or maybe they work for a company in the "private sector" that was to some degree dependant on government contracts.

It is very hard to actually cut State spending because so many of us have our hands out for those dollars and we have gotten used to that constant flow of money. I like the idea of the limited growth bill in the Legislature that I have heard about and think that it would be more palatable to the public than actual cuts. Governor Knowles wants to go out with a spending bang and I hope that the Legislature says NO to all of his proposals, though I know that it will be hard to do that.

I don't like sending more of my money to the government, but if we have to, I like a broad based tax that touches all of us equally. This would educate every resident of Alaska about the cost of government. Instead of the way we used to do it where the more wealthy people pay the most and the poorest people get benefits and don't realize where the government's money comes from. The best form of this kind of tax would be lowering or eliminating the PFD. The next best would be a State wide sales tax with as few exemptions as we can get away with. Personally I would like to see NO exemptions. I don't like taxes that hit only a certain sector of society like alcohol or tobacco. At another time I will be arguing against an increased alcohol tax, because for many of the service organizations (Elks, Eagles, Moose, VFW Clubs and American Legion Clubs) their eating and drinking establishments serve as collection places so that they can turn around and fund many adult and youth functions in the community. An income tax is my least favorite because I hate the idea of income redistribution. The people who are the most productive end up being penalized for their ability to not only generate wealth for themselves but to generate jobs and wealth for other people. Think of how many direct and indirect jobs that are created by entrepreneurs like Dennis Wise, Gus Johnson, George Horner, Jim and Mary Binkley or even Gary Wilken. All of these people give to the Fairbanks community generously in many ways already. Also if we do institute an income tax there would have to be a new or greatly enlarged state bureaucracy to collect this tax.

New or additional taxes on the oil companies could easily reduce their investment in our State. The same argument could apply to an increased tax on the cruise industry. Both industries generate many jobs directly and indirectly within our State and they could easily move some of these jobs to other parts of the world.

Holding down government growth and spending should be first on our list, then lets talk about new taxes. Any increase in tax on Alaskans or capping or eliminating the PFD will mean less for residents to spend and we always spend our income more efficiently than government.

Thank You for your service to our State.

Randy Frank
P.O. Box 81109 (Res-- 698 Darrell Dr.)
Fairbanks, Alaska 99708-1109

Subject: State Taxes

Date: Sun, 10 Feb 2002 15:56:08 -0900

From: "Birch Ridge Golf" <birchridgegolf@msn.com>

To: <Representative_John_Coghill@legis.state.ak.us>

CC: "Mike Chenault \ (E-mail)" <Representative_Mike_Chenault@legis.state.ak.us>.

"Ken & Mavis Lancaster \ (E-mail)" <Representative_Ken_Lancaster@legis.state.ak.us>

Dear Representative Coghill,

A friend and I have been looking at the State Budget via the internet. We also looked up the Budget for the State of North Dakota, a state that has almost the same population as Alaska. We found interesting that their general fund budget is 1.6 Billion, one billion less than Alaska's. Obviously, we the people of Alaska are willing to accept much more government than the people of North Dakota.

In looking at the budget, you find that Health and Social Services budget is 688 pages long, Education, almost 300 pages and on and on. This is a very difficult and complex issue and it didn't get this way in a short period of time. It also can't be corrected in a short period of time, because of what it would do to the State's economy. So we can't do like British Columbia and cut everything 25%, but some cutting is definitely required.

My suggestion would be to # 1, set a goal, for example, a balanced state budget in 20 years. Then in order to achieve that goal, we start off by cutting every department, because it would be too difficult to do it any other way, by 1% per year and at the same add .05% additional revenues (taxes) per year until a balanced budget is achieved. If my math is correct 1% of 2.6 billion should be about 26 Million and 1/2 of 1% would be 13 Million or a total of 39 Million? In 20 years you will have reduced the budget by 520 Million and the citizens of Alaska would be contributing 260 Million and you would have a balanced budget and a government that is the proper size for it's population.

In the meantime, you can continue to pull money from the CBR which will not go away, because we will continue to have more oil lease sales and one time payments of one sort or another.

One Citizens Opinion.

Respectfully submitted, Pat Cowan

Subject: Tax bills

Date: Sun, 10 Feb 2002 15:35:36 -0900

From: Rich Hughes <raha@ptialaska.net>

To: <Representative_John_Coghill@legis.state.ak.us>

Dear Representative Coghill:

I wish to go on record as being opposed to any increase in taxation until all possible options to reduction of the state budget have been examined and implemented. The imposition of taxes in poor economic times will only aggravate the poor economic conditions and send negative messages to those intending to do business in Alaska. Further, the state should be doing everything in its power to support and promote economic development, not discourage it; we are a natural resources dependent state. Our permitting system is burdensome; DEC has sent a very negative message to the mining industry in fining Red Dog for air quality violations, and the story goes on.

You are on the right track. Keep up the good work.

Respectfully yours,

Rich Hughes

Subject: STATE BUDGET & CAPITAL MOVE

Date: Sun, 10 Feb 2002 14:57:51 -0900

From: "Haugens" <haugeng@alaska.net>

To: <Representative_John_Coghill@legis.state.ak.us>

Dear Rep. Coghill:

I would like to add my name to those other Alaskans that oppose any new tax programs, whether it be taxing the residents or industry. I cannot comprehend how the state of Alaska can be considering new taxes when they are obviously incapable of controlling the budget. I would in fact be very willing to pay some form of tax if I had any sense that we had competent management of our state finances. The bureaucracy and the unions that perpetuate the incompetency in the management of this state must eventually be dealt with. We must somehow elect individuals that have the guts to take on the bureaucracy both to cut the fat and move the capital to south-central Alaska. Juneau has a "death grip" on this state and our representatives go along with it. It must be great to get away from the wife and family and those that elected you and have a great old time in Juneau. It simply makes no sense to have our capital in Juneau. Those Juneau special interests that claim the move will cost billions of dollars are blowing smoke and you and the rest of the gang know it. **Get rid of the fat and then use the permanent fund by eliminating or reducing the dividend -- even if it is political suicide -- get some new blood in there!** Make it a gradual move with the legislature being the first to move -- in other words put our representatives where the people have access to them.

I know you have heard all this a thousand times before but maybe when it is said 600,000 times you and your fellow representatives will do something about it. If we could elect citizens that did not view the job as a paycheck and ego trip (and not be afraid of being "fired") maybe some effective management would come out of this institution.

George E. Haugen

<Representative_Carl_Moses@legis.state.ak.us>,
<Representative_Norman_Rokeberg@legis.state.ak.us>,
<Representative_Peggy_Wilson@legis.state.ak.us>

I don't profess to be an expert on the state budget, but I do believe there is plenty of room to reduce the cost of state operations before considering other measures. Paula Easley

Subject: State Budget

Date: Sun, 10 Feb 2002 14:58:44 -0800

From: "Paula Easley" <peasley@gci.net>

To: <Senator_Rick_Halford@legis.state.ak.us>, <Senator_Loren_Leman@legis.state.ak.us>, <Senator_Johnny_Ellis@legis.state.ak.us>, <Senator_Austerman@legis.state.ak.us>, <Senator_Kim_Elton@legis.state.ak.us>, <Senator_Robin_Taylor@legis.state.ak.us>, <Senator_John_Cowdery@legis.state.ak.us>, <Senator_Lyda_Green@legis.state.ak.us>, <Senator_Georgianna_Lincoln@legis.state.ak.us>, <Senator_Gene_Therriault@legis.state.ak.us>, <Senator_Bettye_Davis@legis.state.ak.us>, <Senator_Donny_Olson@legis.state.ak.us>, <Senator_John_Torgerson@legis.state.ak.us>, <Senator_Dave_Donley@legis.state.ak.us>, <Senator_Lyman_Hoffman@legis.state.ak.us>, <Senator_Randy_Phillips@legis.state.ak.us>, <Senator_Jerry_Ward@legis.state.ak.us>, <Senator_Pete_Kelly@legis.state.ak.us>, <Senator_Ben_Stevens@legis.state.ak.us>, <Senator_Gary_Wilken@legis.state.ak.us>, <Representative_Brian_Porter@legis.state.ak.us>, <Representative_Jeannette_James@legis.state.ak.us>, <Representative_Ethan_Berkowitz@legis.state.ak.us>, <Representative_Harry_Crawford@legis.state.ak.us>, <Representative_Richard_Foster@legis.state.ak.us>, <Representative_Joe_Hayes@legis.state.ak.us>, <Representative_Beth_Kerttula@legis.state.ak.us>, <Representative_Beverly_Masek@legis.state.ak.us>, <Representative_Eldon_Mulder@legis.state.ak.us>, <Representative_Drew_Scalzi@legis.state.ak.us>, <Representative_Con_Bunde@legis.state.ak.us>, <Representative_Eric_Croft@legis.state.ak.us>, <Representative_Joe_Green@legis.state.ak.us>, <Representative_Bill_Hudson@legis.state.ak.us>, <Representative_Vic_Kohring@legis.state.ak.us>, <Representative_Lesil_McGuire@legis.state.ak.us>, <Representative_Lisa_Murkowski@legis.state.ak.us>, <Representative_Gary_Stevens@legis.state.ak.us>, <Representative_Mike_Chenault@legis.state.ak.us>, <Representative_John_Davies@legis.state.ak.us>, <Representative_Gretchen_Guess@legis.state.ak.us>, <Representative_Albert_Kookesh@legis.state.ak.us>, <Representative_Kevin_Meyer@legis.state.ak.us>, <Representative_Scott_Ogan@legis.state.ak.us>, <Representative_Jim_Whitaker@legis.state.ak.us>, <Representative_Sharon_Cissna@legis.state.ak.us>, <Representative_Fred_Dyson@legis.state.ak.us>, <Representative_Andrew_Halcro@legis.state.ak.us>, <Representative_Reggie_Joule@legis.state.ak.us>, <Representative_Pete_Kott@legis.state.ak.us>, <Representative_Carl_Morgan@legis.state.ak.us>, <Representative_Bill_Williams@legis.state.ak.us>, <Representative_John_Coghil@legis.state.ak.us>, <Representative_Hugh_Fate@legis.state.ak.us>, <Representative_John_Harris@legis.state.ak.us>, <Representative_Mary_Kapsner@legis.state.ak.us>, <Representative_Ken_Lancaster@legis.state.ak.us>.

Tax legislation:

Subject: Tax legislation;

Date: Sun, 10 Feb 2002 12:51:48 -0900 (AKST)

From: akbushpilot@webtv.net (Vernon Hurlbert)

To: Representative_John_Coghill@legis.state.ak.us

As an X legislator I can tell you that it is impossible for an elected group as the legislature is to cut the budget in any substitutive way. Every budget item has a constituency group and they are the only ones that are at the end of the table testify on the subject when it comes to committee. The only way to control the budget is not to put the item in to start with. After that it builds a group to continue it. The only way to cut the budget is to have a strong governor who will campaign on using thier redline veto and stand by it. Otherwise you are just spitting in the ocean. Thanx Vern Hurlbert

Subject: Taxes

Date: Sun, 10 Feb 2002 11:11:51 -0900

From: "Charles Franz" <charlie@xyz.net>

To: <Representative_John_Coghill@legis.state.ak.us>

Representative Coghill,

I am very concerned about the welfare attitude of many Alaskans. They seem to believe that the solution to any problem is to tax those of us who are being productive so that they can continue to benefit from whatever give-away program for which they are eligible.

As a productive member of our society who earns a good income, I recognize that I have a responsibility to assist with providing basic services for those who are truly in need. I am willing to bear that responsibility. However, I am concerned about all the talk of imposing an income tax that will penalize the most productive citizens. I urge you to continue your efforts to reduce government spending and intrusion into our lives. I hope that if you find it necessary to impose additional taxes, you will take a balanced approach that will spread the burden over as many citizens as possible and not target a single group.

I have already shared my opinions with Mr. Scalzi and Senator Torgerson.

Thank you for your hard work!

Charles C. Franz

Currently residing in Homer formerly in Fairbanks

Subject: pay your way

Date: Sun, 10 Feb 2002 09:19:11 -0900

From: "Jack Hamik" <whalsong@xyz.net>

To: <Representative_John_Coghill@legis.state.ak.us>

It's time to start paying up, pal. You cut your own salary till you hurt, then I'll believe in another cut. I won't go for another cut till YOU hurt.

(But you won't cut that sacred cow, will you? Even if you could afford it. will you? Even suggest it. and you'll find me on your bandwagon.)

Be responsible. Cut your over inflated salary. If I made as much as you for your legislative job, I'd feel pretty' darn comfortable sending my kids to run down schools over shoddy roads while paying for the hurting hospitals.

Your ideas are old. You've developed no long range fiscal plan. Quit now. Don't wait for election time. We need new ideas. Got one? Cut is the only idea you've come up with in too, too long. Cut you is what I want. Just go away.

jacK

Representative Andrew Halcro <Representative_Andrew_Halcro@legis.state.ak.us>,
Representative Reggie Joule <Representative_Reggie_Joule@legis.state.ak.us>.
Representative Pete Kott <Representative_Pete_Kott@legis.state.ak.us>.
Representative Carl Morgan <Representative_Carl_Morgan@legis.state.ak.us>.
Representative Brian Porter <Representative_Brian_Porter@legis.state.ak.us>.
Representative Bill Williams <Representative_Bill_Williams@legis.state.ak.us>.
"Representative John Coghill, Jr." <Representative_John_Coghill@legis.state.ak.us>.
"Representative Hugh 'Bud' Fate" <Representative_Hugh_Fate@legis.state.ak.us>.
Representative John Harris <Representative_John_Harris@legis.state.ak.us>.
Representative Mary Kapsner <Representative_Mary_Kapsner@legis.state.ak.us>.
Representative Ken Lancaster <Representative_Ken_Lancaster@legis.state.ak.us>.
Representative Carl Moses <Representative_Carl_Moses@legis.state.ak.us>.
Representative Norman Rokeberg <Representative_Norman_Rokeberg@legis.state.ak.us>
Representative Peggy Wilson <Representative_Peggy_Wilson@legis.state.ak.us>

ALASKANS NEED RESPONSIBLE GOVERNMENT

I am concerned about Alaska's **\$7.126 BILLION dollar Bloated Budget** and the move by the Knowles/Ulmer administration to reach out for **another \$400 MILLION?**

You, OUR senators and representatives need to take action NOW!

I have been following the legislature's "debate" of the state's "fiscal gap" closely.

Representative John Coghill, Chairman of the House State Affairs Committee, has called for hearings next week on 5 TAX bills.

I have been informed that Rep. Coghill is NOT in favor of levying taxes. I support this position.

I DO NOT SUPPORT:

HB 303 By Representatives Whitaker, Fate, Lancaster
Relating to Levy and Collection of Sales Tax

I DO NOT SUPPORT:

HB 10 By Representative Moses
Relating to Taxation of Income

I DO NOT SUPPORT:

SSHB 199 By Representatives Hudson, Scalzi
Relating to Taxation, Including Taxation of Income

I DO NOT SUPPORT:

HB 69 By Representative Rokeberg
Relating to Income of the Permanent Fund

I DO NOT SUPPORT:

HB 304 By Representative Whitaker, Fate
Relating to Disposition of the Permanent Fund

I am concerned about Alaska's ballooning budget .

FY02 (millions)

7,126.2	TOTAL STATE SPENDING
2,417.1	General Fund
2,097.9	Federal Funds
743.8	Statutory Restricted
71.4	Dedicated
87.1	Trust
1,708.9	Permanent Funds
2,417.1	General Fund Budget
927.2	Core Government
750.7	Local Schools
338.8	Grants/Formula Programs
195.5	University
114.0	Capital Projects
29.7	Local Government Assistance
61.2	Debt Service & Fund Capitalization
1,543.9	Projected Existing General Fund Revenues
873.2	Projected Fiscal Gap
4,570.3	Cash Reserves

I am opposed to any income (wage) tax, especially a progressive tax of any kind.

Before any taxes **strong budget cuts need to be made.**
Budget cuts may be unpopular, but they must be made,
and someone needs to step up to the line and get this done.

There is an immediate need to **control spending**, and a need to motivate at the agency and employee level, to actively question how state functions can be prioritized and to seek the availability of other funding sources.

I wish to challenge the legislature to address the wisdom as well as the moral and economic propriety of continuing the **PFD giveaway.**

The Permanent Fund was created to provide a savings account which would accumulate and grow as the earnings could be tapped to cover necessary budget components for which declining oil revenues proved insufficient.

I am NOT proposing an invasion of the Permanent Fund or

any depletion of its principal. Contributions to the Permanent Fund, and inflation proofing it must continue unabated.

What I find unconscionable is the perceived need to pay everyone for moving to, or remaining here in Alaska.

I have NEVER taken the PFD in any year. Welfare is for charities, and service organizations. That is why I belong to Rotary International. I contribute to its programs, and I serve in several capacities.

It's unfortunate that so many Alaskans seem to evaluate right and wrong, fair and unfair, largely in relation to the impact on their personal wallet. It is equally unfortunate when they elect **representatives who are unwilling to present the facts** to their constituents and to make the tough decisions.

This year the state will mail out roughly \$1 billion to every resident, irrespective of any need-based considerations. Roughly \$200-300 million of those state revenues will be needlessly siphoned off to the U.S. Treasury in the form of income taxes.

The "budget gap" could be closed in a heartbeat if the state would **close down the PFD bribe system**

The budget gap could be reduced to a modest problem if we capped PFD's at, \$500. If the shock is too much to bear, cap it at a tolerable level with step down decreases over 3-5 years to **wean the people from the trough.**

If the **Cremona Plan** had been put in place when first presented, today the state of Alaska would have more than enough **real income** to **fully function forever.**

I oppose any and all new taxes. Expense reduction is the answer.

The budget can't be balanced with tourism unless you tax each tourist thousands of dollars to come to Alaska!

Is there a valid economic reason to impose an income tax and keep paying \$1 billion out in PFD's each year?

There is no "budget gap". The state takes in enough revenue to fund the expense side. Where we get into red ink is only after sending \$700-1,000 million of state revenue to every person who meets minimum residency requirements, \$200-300 million of that is sent (indirectly) to the U.S. Treasury.

If our deficit is \$1 Billion **Cut spending.** Why is it that so many elected representatives, whether state or federal, refuse to understand this