

ALASKA LEGISLATURE COMMITTEE FILES 2001-2002 8672

10419 HOUSE STATE AFFAIRS

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:

Cut state spending to balance the budget this year and every year, regardless of the impact on state services. That is what balance is. Whatever the amount, cut an adequate amount from spending to balance the budget, without pulling it from reserves.

If we don't have the money-we don't have the money.

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 and need **spending reductions** and we need them now.

**Tell the people the truth and do it now.**

The state must do as all citizens and businesses do when in financial straits. Cut back. I have heard very little from the legislature about cutting payroll, cutting non-essential services and cutting travel expenditures.

I am sure that there is too much governmental waste.

**Start with trimming the fat first.**

The state has the largest number of employment ads, when I look in the Anchor: Daily News classifieds. Not only does the state have the most ads, but the wages offered are higher than their private sector counterpart. Why?

What is 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, it's a start.

Or reduce each department budget by 10%, or at least by 5%.

I think you should assemble a panel of 13 state residents, give them each red pens and let them have a look at the budget. I am available for the job.

I am not the only 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/our means.**

**ALASKANS NEED RESPONSIBLE GOVERNMENT NOW.**

**ALASKANS NEED YOU TO BE RESPONSIBLE NOW.**

Yours truly

Josef Princiotta  
330 L Street, Suite 200  
Anchorage, AK  
99501-5916

(907) 562-6306

**Subject:** RESPONSIBLE GOVERNMENT

**Date:** Sun, 10 Feb 2002 03:22:53 -1000

**From:** Josef Princiotta <JosefP@bodymap.com>

**Organization:** Center for Rational Thinking

**To:** Representative Richard Foster <Representative\_Richard\_Foster@legis.state.ak.us>,  
Senator Robin Taylor <Senator\_Robin\_Taylor@legis.state.ak.us>,  
Senator Ben Stevens <Senator\_Ben\_Stevens@legis.state.ak.us>,  
Senator Alan Austerman <Senator\_Alان\_Austerman@legis.state.ak.us>,  
Senator Kim Elton <Senator\_Kim\_Elton@legis.state.ak.us>,  
Senator Lorin Leman <Senator\_Loren\_Leman@legis.state.ak.us>,  
Senator John Cowdery <Senator\_John\_Cowdery@legis.state.ak.us>,  
Senator Lyda Green <Senator\_Lyda\_Green@legis.state.ak.us>,  
Senator Georgianna Lincoln <Senator\_Georgianna\_Lincoln@legis.state.ak.us>,  
Senator Gene Therriault <Senator\_Gene\_Therriault@legis.state.ak.us>,  
Senator Bettye Davis <Senator\_Bettye\_Davis@legis.state.ak.us>,  
Senator Rick Halford <Senator\_Rick\_Halford@legis.state.ak.us>,  
Senator Donald Olson <Senator\_Donald\_Olson@legis.state.ak.us>,  
Senator John Torgerson <Senator\_John\_Torgerson@legis.state.ak.us>,  
Senator Dave Donley <Senator\_Dave\_Donley@legis.state.ak.us>,  
Senator Lyman Hoffman <Senator\_Lyman\_Hoffman@legis.state.ak.us>,  
Senator Randy Phillips <Senator\_Randy\_Phillips@legis.state.ak.us>,  
Senator Jerry Ward <Senator\_Jerry\_Ward@legis.state.ak.us>,  
Senator Johnny Ellis <Senator\_Johnny\_Ellis@legis.state.ak.us>,  
Senator Pete Kelly <Senator\_Pete\_Kelly@legis.state.ak.us>,  
Senator Gary Wilken <Senator\_Gary\_Wilken@legis.state.ak.us>,  
Representative Ethan Berkowitz <Representative\_Ethan\_Berkowitz@legis.state.ak.us>,  
Representative Harry Crawford <Representative\_Harry\_Crawford@legis.state.ak.us>,  
Representative Joe Hayes <Representative\_Joe\_Hayes@legis.state.ak.us>,  
Representative Beth Kerttula <Representative\_Beth\_Kerttula@legis.state.ak.us>,  
Representative Beverly Masek <Representative\_Beverly\_Masek@legis.state.ak.us>,  
Representative Eldon Mulder <Representative\_Eldon\_Mulder@legis.state.ak.us>,  
Representative Drew Scalzi <Representative\_Drew\_Scalzi@legis.state.ak.us>,  
Representative Con Bunde <Representative\_Con\_Bunde@legis.state.ak.us>,  
Representative Eric Croft <Representative\_Eric\_Croft@legis.state.ak.us>,  
Representative Joe Green <Representative\_Joe\_Green@legis.state.ak.us>,  
Representative Bill Hudson <Representative\_Bill\_Hudson@legis.state.ak.us>,  
Representative Vic Kohring <Representative\_Vic\_Kohring@legis.state.ak.us>,  
Representative Lesil McGuire <Representative\_Lseil\_McGuire@legis.state.ak.us>,  
Representative Lisa Murkowski <Representative\_Lisa\_Murkowski@legis.state.ak.us>,  
Representative Gary Stevens <Representative\_Gary\_Stevens@legis.state.ak.us>,  
Representative Mike Chenault <Representative\_Mike\_Chenault@legis.state.ak.us>,  
Representative John Davies <Representative\_John\_Davies@legis.state.ak.us>,  
Representative Gretchen Guess <Representative\_Gretchen\_Guess@legis.state.ak.us>,  
Representative Jeannette James <Representative\_Jeannette\_James@legis.state.ak.us>,  
Representative Albert Kookesh <Representative\_Albert\_Kookesh@legis.state.ak.us>,  
Representative Kevin Meyer <Representative\_Kevin\_Meyer@legis.state.ak.us>,  
Representative Scott Ogan <Representative\_Scott\_Ogan@legis.state.ak.us>,  
Representative Jim Whitaker <Representative\_Jim\_Whitaker@legis.state.ak.us>,  
Representative Sharon Cissna <Representative\_Sharon\_Cissna@legis.state.ak.us>,  
Representative Fred Dyson <Representative\_Fred\_Dyson@legis.state.ak.us>.

Taxes

**Subject: Taxes**

**Date:** Sat, 9 Feb 2002 21:54:21 -0900

**From:** "grizzly" <grizzly@grizzlycharters.com>

**To:** <:>

I would like to see the State of Alaska cut it's spending before you put new taxes on the people.

Thanks

John & Jo Earls

Grizzly Charters

PO Box 1664

Homer, Alaska 99603

toll free 888-948-4388

[grizzly@grizzlycharters.com](mailto:grizzly@grizzlycharters.com)

[www.grizzlycharters.com/](http://www.grizzlycharters.com/)

**Subject:** New Taxes

**Date:** Thu, 7 Feb 2002 10:25:27 -0900

**From:** "Thomas Walton" <ursaphoto@ak.net>

**To:** "Alan Austerman" <Senator\_Alان\_Austerman@legis.state.ak.us>,  
"Ben Stevens" <Senator\_Ben\_Stevens@legis.state.ak.us>,  
"Dave Donley" <Senator\_Dave\_Donley@legis.state.ak.us>,  
"Gary Wilken" <Senator\_Gary\_Wilken@legis.state.ak.us>,  
"Gene Therriault" <Senator\_Gene\_Therriault@legis.state.ak.us>,  
"Jerry Ward" <Senator\_Jerry\_Ward@legis.state.ak.us>,  
"John Cowdery" <Senator\_John\_Cowdery@legis.state.ak.us>,  
"john Torgerson" <Senator\_John\_Torgerson@legis.state.ak.us>,  
"Loren Leman" <Senator\_Loren\_Leman@legis.state.ak.us>,  
"Lyda Green" <Senator\_Lyda\_Green@legis.state.ak.us>,  
"Pete Kelly" <Senator\_Pete\_Kelly@legis.state.ak.us>,  
"Randy Phillips" <Senator\_Randy\_Phillips@legis.state.ak.us>,  
"Rick Halford" <Senator\_Rick\_Halford@legis.state.ak.us>,  
"Vic Kohring" <Representative\_Vic\_Kohring@legis.state.ak.us>,  
"Scott Ogan" <Representative\_Scott\_Ogan@legis.state.ak.us>,  
"Pete Kott" <Representative\_Pete\_Kott@legis.state.ak.us>,  
"Peggy Wilson" <Representative\_Peggy\_Wilson@legis.state.ak.us>,  
"Norman Rokeberg" <Representative\_Norman\_Rokeberg@legis.state.ak.us>,  
"Mike Chenault" <Representative\_Mike\_Chenault@legis.state.ak.us>,  
"Lisa Murkowski" <Representative\_Lisa\_Murkowski@legis.state.ak.us>,  
"Lesil Mcguire" <Representative\_Lesil\_McGuire@legis.state.ak.us>,  
"Kevin Meyer" <Representative\_Kevin\_Meyer@legis.state.ak.us>,  
"Ken Lancaster" <Representative\_Ken\_Lancaster@legis.state.ak.us>,  
"John Harris" <Representative\_John\_Harris@legis.state.ak.us>,  
"John Coghill" <Representative\_John\_Coghill@legis.state.ak.us>,  
"Joe Green" <Representative\_Joe\_Green@legis.state.ak.us>,  
"Jim Whitaker" <Representative\_Jim\_Whitaker@legis.state.ak.us>,  
"Jeannette james" <Representative\_Jeannette\_James@legis.state.ak.us>,  
"Huge Fate" <Representative\_Hugh\_Fate@legis.state.ak.us>,  
"Gary Stevens" <Representative\_Gary\_Stevens@legis.state.ak.us>,  
"Fred Dyson" <Representative\_Fred\_Dyson@legis.state.ak.us>,  
"Eldon Mulden" <Representative\_Eldon\_Mulder@legis.state.ak.us>,  
"Drew Scalzi" <Representative\_Drew\_Scalzi@legis.state.ak.us>,  
"Con Bunde" <Representative\_Con\_Bunde@legis.state.ak.us>,  
"Carl Morgan" <Representative\_Carl\_Morgan@legis.state.ak.us>,  
"Brain Porter" <Representative\_Brian\_Porter@legis.state.ak.us>,  
"Bill William" <Representative\_Bill\_Williams@legis.state.ak.us>,  
"Bill Hudson" <Representative\_Bill\_Hudson@legis.state.ak.us>,  
"Beverly Masek" <Representative\_Beverly\_Masek@legis.state.ak.us>,  
"Andrew Halcro" <Representative\_Andrew\_Halcro@legis.state.ak.us>

Hello,

I want this to be Crystal Clear. Other than an Alcohol tax. NO New Taxes. CUT Spending. When I say No new Taxes let me clarify NO, None, Zero, Nien, Neit. State Spending is out of control. 6 billion dollars is obscene. CUT it!!!

Thank You  
Thomas Walton



Alaska State Legislature  
Public Opinion Messages

Thomas M Corbitt,  
Po Box 132  
Po Box 132  
Clam Gulch, AK 99568-0132  
Phone: -  
E-mail:

Constituency: N  
Distribution: 60  
Affiliation:  
Reg Voter: Y

Subject/Bill RESOURCES

I've been encouraging our local cannery to run a line of clam chowder made from Alaskan vegetables milk and clams. This type of value-added product using natural and healthy Alaskan ingredients can be easily marketed via the internet year-round to boost off-season jobs.  
Date Sent: 02/11/2002

Mrs. Debra Joslin,  
2549 PO Box 377 ST  
Delta Junction, AK 99737  
Phone: 895-4565  
E-mail:

Constituency: N  
Distribution: 2  
Affiliation: Republican Party  
Reg Voter: U

Subject/Bill TAXATION

I really appreciate your taking a stand against taxation in Alaska. We need to cut the budget as lean as possible and if that still doesn't work I would far rather give up my PFD check before we go to any taxation.  
Thanks.  
Date Sent: 02/11/2002

Mr. John j Ketscher,  
424 Marine Wy 201  
424 Marine Way Room 201  
Kodiak, AK 99615  
Phone: -  
E-mail: jketscher@hotmail.com

Constituency: N  
Distribution: 7  
Affiliation:  
Reg Voter: Y

Subject/Bill HB 397 Supports

I support HB 397.  
Date Sent: 02/11/2002

William P Arnold,  
Po Box 1392  
Po Box 1392  
Sterling, AK 99672-1392  
Phone: -  
E-mail:

Constituency: N  
Distribution: 60  
Affiliation:  
Reg Voter: Y

Subject/Bill SJR 23 Supports

I would like to see this resolution moved onto the floor for a vote.  
Date Sent: 02/11/2002

Alaska State Legislature  
Public Opinion Messages

Michael S McBride,  
Po Box 6  
Kenai, AK 99611  
Phone: 77-6 54  
E-mail: matrixent@gci.net

Constituency: N  
Distribution: 60  
Affiliation: Self  
Reg Voter: Y

Subject/Bill HB 360 Opposes

Please do NOT give any more PUBLIC money to private enterprise. This is CORPORATE WELFARE at taxpayers' expense. Why not make sure money is available for funding present and future essential government services such as education roads public health & safety. Thank you.

Date Sent: 02/10/2002

Michael S McBride,  
Po Box 6  
Kenai, AK 99611  
Phone: 77-6 54  
E-mail: matrixent@gci.net

Constituency: N  
Distribution: 60  
Affiliation: Self  
Reg Voter: Y

Subject/Bill HB 258 Opposes

Please do NOT support any new funding source bills (TAXES) until all public funds given to private businesses individuals and special interest groups have been completely eliminated. Use OUR public funds for constitutionally mandated government services such as schools roads public health & safety ONLY. Thank you.

Date Sent: 02/10/2002

Michael S McBride,  
Po Box 6  
Kenai, AK 99611  
Phone: 77-6 54  
E-mail: matrixent@gci.net

Constituency: N  
Distribution: 60  
Affiliation: Self  
Reg Voter: Y

Subject/Bill HB 10 Opposes

Please do NOT seriously consider any new funding source (TAXES) until all public funds given to private businesses individuals and special interest groups have been completely eliminated. Use OUR public funds for constitutionally mandated government services such as schools roads public health & safety ONLY. Thank you.

Date Sent: 02/10/2002

Michael S McBride,  
Po Box 6  
Kenai, AK 99611  
Phone: 77-6 54  
E-mail: matrixent@gci.net

Constituency: N  
Distribution: 60  
Affiliation: Self  
Reg Voter: Y

Subject/Bill HB 199 Opposes

Please do NOT seriously consider any new funding source (TAXES) until all public funds given to private businesses individuals and special interest groups have been completely eliminated. Use OUR public funds for constitutionally mandated government services such as schools roads public health & safety ONLY. Thank you.

Date Sent: 02/10/2002

Alaska State Legislature  
Public Opinion Messages

Michael S McBride,  
Po Box 6  
Kenai, AK 99611  
Phone: 77-6 54  
E-mail: matrixent@gci.net

Constituency: N  
Distribution: 60  
Affiliation:  
Reg Voter: Y

Subject/Bill HB 229 Opposes

Please do NOT seriously consider any new funding source (TAXES) until all public funds given to private businesses individuals and special interest groups have been completely eliminated. Use OUR public funds for constitutionally mandated government services such as schools roads public health & safety ONLY. Thank you.

Date Sent: 02/10/2002

Michael S McBride,  
Po Box 6  
Kenai, AK 99611  
Phone: 77-6 54  
E-mail: matrixent@gci.net

Constituency: N  
Distribution: 60  
Affiliation:  
Reg Voter: Y

Subject/Bill HB 303 Opposes

Please do NOT seriously consider any new funding source (TAXES) until all public funds given to private businesses individuals and special interest groups have been completely eliminated. Use OUR public funds for constitutionally mandated government services such as schools roads public health & safety ONLY. Thank you.

Date Sent: 02/10/2002

Michael S McBride,  
Po Box 6  
Kenai, AK 99611  
Phone: 77-6 54  
E-mail: matrixent@gci.net

Constituency: N  
Distribution: 60  
Affiliation: Self  
Reg Voter: Y

Subject/Bill HB 324 Opposes

Please do NOT support this bill. Terrorist targets in Alaska should be protected by companies owning them. The State can assist using resources currently in place without spending this obscene amount of public funds. Please put my money in education transportation public health & safety. Thank you.

Date Sent: 02/10/2002

Michael S McBride,  
Po Box 6  
Kenai, AK 99611  
Phone: 77-6 54  
E-mail: matrixent@gci.net

Constituency: N  
Distribution: 60  
Affiliation: self  
Reg Voter: Y

Subject/Bill SE 236 Opposes

Please do NOT support this bill. Terrorist targets in Alaska should be protected by companies owning them. The State can assist using resources currently in place without spending this obscene amount of public funds. Please put my money in education transportation public health & safety. Thank you.

Date Sent: 02/10/2002

Alaska State Legislature  
Public Opinion Messages

Mrs. Betty M Phillips,  
3875 Geist Rd E333  
1787 Hollowell Rd  
Fairbanks, AK 99709-3549  
Phone: -  
E-mail: tphillips@ideafamilies.org

Constituency: N  
Distribution: 40  
Affiliation: IDEA Homeschooling parent  
Reg Voter: Y

Subject/Bill EDUCATION

Reg. 4 AAC 33.420-.490 Statewide Correspondence Programs are burdensome and unnecessary. We already abide by law take state tests submit learning plans and progress reports. Our results are also outstanding.  
Date Sent: 02/08/2002

Mrs. Betty M Phillips,  
3875 Geist Rd E333  
1787 Hollowell Rd  
Fairbanks, AK 99709-3549  
Phone: -  
E-mail: tphillips@ideafamilies.org

Constituency: N  
Distribution: 40  
Affiliation: IDEA Homeschooling parent  
Reg Voter: Y

Subject/Bill EDUCATION

Reg. 4 AAC 33.420-.490 Statewide Correspondence Programs are burdensome and unnecessary. We already abide by state law submit yearly learning plans and progress reports and have excellent results in state testing.  
Date Sent: 02/08/2002

Ms. Harriet A Drummond,  
2139 Hillcrest Pl  
2139 Hillcrest Pl  
Anchorage, AK 99503  
Phone: 279-7722  
E-mail: harrieta@alaska.net

Constituency: N  
Distribution: 60  
Affiliation:  
Reg Voter: Y

Subject/Bill TAXATION

I strongly support Rep. Con Bunde's courageous and timely amendment in committee proposing a variety of tax revenues that are fair and broad-based. PLEASE encourage your colleagues to pass this amendment out of committee and get it to the full House and then Senate SOON. Thank you!  
Date Sent: 02/08/2002

Thomas M Corbitt,  
Po Box 132  
Po Box 132  
Clam Gulch, AK 99568-0132  
Phone: -  
E-mail:

Constituency: N  
Distribution: 60  
Affiliation:  
Reg Voter: Y

Subject/Bill ECONOMIC DEVELOPMENT

Ladies and Gentlemen Please consider developing our existing pulp wood resources into paper products including toilet paper towels and other consumer industry related paper products. Thank you. Your servant in Jesus Christ Tom Corbitt.  
Date Sent: 02/08/2002

Alaska State Legislature  
Public Opinion Messages

Mrs. Lori J Stenberg,  
P.o.box 240408  
Po Box 240408  
Douglas, AK 99824  
Phone: -  
E-mail: Stenjnu@aol.com

Constituency: N  
Distribution: 60  
Affiliation: self  
Reg Voter: Y

Subject/Bill EDUCATION

Dear Legislators I am concerned about proposed regulation changes by the Board of Education regarding Statewide Correspondence Programs. We appreciate the support and guidance of the IDEA program. Success is validated by test scores seen on the DOE's website. The new regs over-regulate and restrict freedom for private religious curriculum. Help.

Date Sent: 02/07/2002

Mr. Merle L Winkelman,  
Pob 56711  
Po Box 56711  
North Pole, AK 99705  
Phone: 488-4301  
E-mail: WinkWoods@hotmail.com

Constituency: C  
Distribution: 60  
Affiliation:  
Reg Voter: Y

Subject/Bill BUDGET

NO STATE TAXES--CUT GOVERNMENT EXPENSES--TAX INCREASES ARE A RESTRAINT ON ECONOMIC GROWTH--WE WILL ADAPT!! --We already pay 49% of our income to Federal Taxes-- I wasn't born so I could work for the government.-- They work for me and I say balance the budget.

Date Sent: 02/08/2002

Matilda C J Bee,  
Po Box 569  
Po Box 569  
Bethel, AK 99559-0569  
Phone: -  
E-mail:

Constituency: N  
Distribution: 7  
Affiliation:  
Reg Voter: Y

Subject/Bill HB 332 Supports

THE CDVSA ENABLED THE TWC TO PROVIDE IMMEDIATE SHELTER COUNSELING AND SUPPORT GROUPS TO HUNDREDS OF FAMILIES ACROSS THE YK DELTA. THEIR FUNDING IS ESSENTIAL TO THE MUCH NEEDED SERVICES THAT WE PROVIDE

Date Sent: 02/08/2002

Roger C Laber,  
319 Riverside Dr  
319 Riverside Dr  
Seldotna, AK 99669  
Phone: -  
E-mail:

Constituency: N  
Distribution: 60  
Affiliation:  
Reg Voter: Y

Subject/Bill HJR 25 Opposes

Vote against HJR 25 & HB 213. It should be easier for citizens to create laws through initiatives. Trust the citizens.

Date Sent: 02/08/2002

Alaska State Legislature  
Public Opinion Messages

Charley L Walton,  
1062 Steele Creek Rd  
1062 Steele Creek Rd  
Fairbanks, AK 99712

Phone: -  
E-mail:

Constituency: N  
Distribution: 60  
Affiliation:  
Reg Voter: Y

Subject/Bill TAXATION

I haven't had time to total all of the expenditures for your perks and bonuses above your salary but it seems unfair to pick one industry to tax with the alcohol tax to balance the budget. Let's look at the pork fat before singling out industry.

Date Sent: 02/07/2002

Melissa S Bouden,  
716 Box 556 DR  
Valdez, AK 99686

Phone: -  
E-mail:

Constituency: N  
Distribution: 7  
Affiliation: Advocates for victims of violence  
Reg Voter: U

Subject/Bill HB 332 Supports

I encourage you to keep supporting the council. Working in a shelter with women of domestic violence I see the need of attorney help that the council provides. And the support that they have given us to help these women move on with their lives.

Date Sent: 02/07/2002

James M Morgan,  
1200 W Dimond Blvd #519  
1200 W Dimond Blvd #519  
Anchorage, AK 99515

Phone: -  
E-mail: jimmorgan@gci.net

Constituency: N  
Distribution: 60  
Affiliation:  
Reg Voter: Y

Subject/Bill HB 258 Opposes

I oppose HB 258 because it is an unfair tax on Alaska businesses.

Date Sent: 02/07/2002

Ms. Melissa S Bowden,  
716 PO Box 556 DR  
Valdez, AK 99686

Phone: -  
E-mail:

Constituency: N  
Distribution: 7  
Affiliation:  
Reg Voter: U

Subject/Bill HB 332 Supports

I encourage you to keep supporting the council. Working in the shelter of DV I see the need of attorney help that the council provides and the support that they have given us to help these women move on with their lives.

Date Sent: 02/07/2002

Alaska State Legislature  
Public Opinion Messages

Michelle R Dewitt,  
Po Box 2257  
Po Box 2257  
Bethel, AK 99559-2257  
Phone: -  
E-mail:

Constituency: N  
Distribution: 7  
Affiliation:  
Reg Voter: Y

Subject/Bill HB 332 Supports

THE CDVSA IS STILL AN IMPORTANT RESOURCE FOR OUR COMMUNITIES. COUNCIL FUNDING PAYS FOR PROGRAMS THAT SAVE LIVES. PLEASE RENEW THE CDVSA  
Date Sent: 02/07/2002

Winifred V Kelly,  
Po Box 1971  
Po Box 1971  
Bethel, AK 99559-1971  
Phone: -  
E-mail:

Constituency: N  
Distribution: 7  
Affiliation:  
Reg Voter: Y

Subject/Bill HB 332 Supports

THE CDVSA IS STILL AN IMPORTANT RESOURCE FOR OUR COMMUNITIES. COUNCIL FUNDING PAYS FOR PROGRAMS THAT SAVE LIVES. PLEASE RENEW THE CDVSA  
Date Sent: 02/07/2002

Erin P Smith,  
Po B x 1765  
Po Bcx 1765  
Bethel, AK 99559-1765  
Phone: -  
E-mail:

Constituency: N  
Distribution: 7  
Affiliation:  
Reg Voter: Y

Subject/Bill HB 332 Supports

THE CDVSA ENABLES THE TUNDRA WOMEN'S COALITION TO PROVIDE IMMEDIATE SHELTER COUNSELING SUPPORT GROUPS OUTREACH AND VIOLENCE PREVENTION EDUCATION TO HUNDREDS OF FAMILIES ACROSS THE YUKON KUSKOKWIM DELTA. THEIR FUNDING IS ESSENTIAL TO THE MUCH NEEDED SERVICES THAT WE PROVIDE.  
Date Sent: 02/07/2002

Jerry B Cleworth,  
907 Park Dr  
907 Park Dr  
Fairbanks, AK 99709  
Phone: -  
E-mail:

Constituency: N  
Distribution: 9  
Affiliation:  
Reg Voter: Y

Subject/Bill TAXATION

I am very concerned about the State implementing a sales tax which traditionally is a local option. If we have to tax for additional revenue I would prefer a state income tax at the traditional 16% rate. With the advent of the internet sales taxes put us at a competitive disadvantage.  
Date Sent: 02/07/2002

Alaska State Legislature  
Public Opinion Messages

Mrs. Linda Winkelman,  
1310 POB 56711 LP  
North Pole, AK 99705  
Phone: 488-4301  
E-mail: npg@mosquiconet.com

Constituency: C  
Distribution: 60  
Affiliation:  
Reg Voter: U

Subject/Bill DEBT

NO STATE TAXES OF ANY KIND--GOVERNMENT EXPENSES  
THE PROBLEM--TAX INCREASES ARE A RESTRAINT ON  
ECONOMIC GROWTH--Government Expenses Should Concern Only  
Needs THAT Directly Benefit ALL People Not Payments to Special  
Interest Groups which involve Just a FEW People. This is the  
BIGGEST problem of Government over spending.  
Date Sent: 02/07/2002

Rieta M Walker,  
57060 East End Rd  
57060 East End Rd  
Homer, AK 99603  
Phone: -  
E-mail:

Constituency: N  
Distribution: 60  
Affiliation:  
Reg Voter: Y

Subject/Bill BOUNDARIES

Please deny the proposed annexation to the City of Homer.  
Date Sent: 02/07/2002

Darrell M Walker,  
57060 East End Rd  
57060 East End Rd  
Homer, AK 99603  
Phone: -  
E-mail:

Constituency: N  
Distribution: 60  
Affiliation:  
Reg Voter: Y

Subject/Bill BOUNDARIES

I am apposed to the annexation by the City of Homer.  
Date Sent: 02/07/2002

Margaret E Angaiak,  
Po Box 1256  
Po Box 1256  
Bethel, AK 99559-1256  
Phone: -  
E-mail:

Constituency: N  
Distribution: 7  
Affiliation:  
Reg Voter: Y

Subject/Bill HB 332 Supports

THE CDVSA IS STILL AN IMPORTANT RESOURCE FOR OUR  
COMMUNITITES. COUNCIL FUNDING PAYS FOR PROGRAMS  
THAT SAVE LIVES. PLEASE RENEW THE CD VSA.  
Date Sent: 02/07/2002

Alaska State Legislature  
Public Opinion Messages

James D Glazier,  
Po Box 8583  
Po Box 8583  
Nikiski, AK 99635  
Phone: -  
E-mail:

Constituency: N  
Distribution: 60  
Affiliation:  
Reg Voter: Y

Subject/Bill PERMANENT FUND

I suggest you put a 5% tax on the PFD checks. 2001 PFD \$1850.00 @ 5% tax equals \$92.50 on each PFD check. 582 203 checks were paid out times 92.50 tax = \$53 853 777 in possible revenues. Could be yearly revenue it makes dollars for the state and it makes good sense.  
Date Sent: 02/07/2002

Jerry J Mccutcheon,  
Po Box 101838  
Po Box 241623  
Anchorage, AK 99510  
Phone: -  
E-mail:

Constituency: N  
Distribution: 60  
Affiliation:  
Reg Voter: Y

Subject/Bill TAXATION

Before you tax the general public pass a tax on alcohol at least \$.25 a drink. Pass a tax on tobacco. At least try to capture a small percentage of the real cost to the state. Pass a tour boat tax of \$100/head. Pass an excess oil profits tax.  
Date Sent: 02/07/2002

Susan J Culley,  
Po Box 694  
Po Box 694  
Valdez, AK 99686-0694  
Phone: -  
E-mail:

Constituency: N  
Distribution: 7  
Affiliation:  
Reg Voter: Y

Subject/Bill HB 332 Supports

The Council on Domestic Violence and Sexual Assault is a much needed source for everyone who works with abused women. I work as an advocate and volunteer to work with women and children that this group serves. Please pass HB 332.  
Date Sent: 02/07/2002

Vickie L Williams,  
Po Box 113  
Po Box 113  
Valdez, AK 99686-0113  
Phone: -  
E-mail:

Constituency: N  
Distribution: 7  
Affiliation:  
Reg Voter: Y

Subject/Bill HB 332 Supports

I whole heartedly support CDVSA's being reinstated. The Network of victim support services need their umbrella of help. Through their help sexual assault (both adults and children) are better able to end the pain. Please support the council on Domestic Violence and Sexual assault. Please.  
Date Sent: 02/07/2002

Alaska State Legislature  
Public Opinion Messages

Mrs. Madeleine D Betz,  
666 11th Avenue 205  
666 11th Ave #205  
Fairbanks, AK 99701  
Phone: -  
E-mail:

Constituency: N  
Distribution: 2  
Affiliation: Tanana Valley League of Women Voters  
Reg Voter: Y

Subject/Bill BUDGET

I support exploring additional sources of revenue to fund State government besides oil revenue. Please look into instituting a tax on either income or sales of goods. Let partisan ideology by the wayside and consider what is best for all Alaskans.  
Date Sent: 02/11/2002

Phyllis Ogar,  
3221 Douglas HWY  
Juneau, AK 99801  
Phone: -  
E-mail:

Constituency: N  
Distribution: 60  
Affiliation:  
Reg Voter: U

Subject/Bill TAXATION

I oppose state income tax. Cost of living extremely high here. As retiree living here year round added expenses would reduce my purchasing power. I would have less money to put back into economy. Alaska offers perks which allow retirees to remain in Alaska. Please consider retaining our older population by opposing state income tax.  
Date Sent: 02/12/2002

Richard L Hutchison,  
Po Box 84909  
1919 Lathrop St #101  
Fairbanks, AK 99708  
Phone: -  
E-mail:

Constituency: N  
Distribution: 60  
Affiliation:  
Reg Voter: Y

Subject/Bill Fiscal Gap

If the nature of funding for state government and services is going to be modified I strongly feel that all Alaskans should share in the responsibility. Therefore the permanent fund should be utilized not a state income tax.  
Date Sent: 02/12/2002

Lance R Jordan,  
4130 Craanog St  
Anchorage, AK 99502  
Phone: -  
E-mail:

Constituency: N  
Distribution: 60  
Affiliation:  
Reg Voter: Y

Subject/Bill TAXATION

Cut state spending in all areas by 1 third before you add taxes. That also includes cutting our PFD percentage by 1 third my understanding is our state spends over double the next highest state as far as per capita spending by state government lets drop that down to a little more than the next highest.  
Date Sent: 02/12/2002

Alaska State Legislature  
Public Opinion Messages

Cheryl A Keepers,  
Po Box 74898  
3981 Fahrenkamp Ave  
Fairbanks, AK 99707  
Phone: -  
E-mail:

Constituency: N  
Distribution: 9  
Affiliation:  
Reg Voter: Y

Subject/Bill HB 367 Opposes

Denali Kid Care is a vital support for families that saves Alaska money in the long run. Remember the old saying an ounce of prevention is worth a pound of cure"? It's still true. I urge you to defeat this bill."  
Date Sent: 02/12/2002

Mr. Christopher B Dewitt,  
Po Box 240694  
Juneau, AK 99801  
Phone: 364-1554  
E-mail: cdewitt@blm.ak.gov

Constituency: N  
Distribution: 60  
Affiliation: Myself  
Reg Voter: Y

Subject/Bill TAXATION

I oppose a state income tax. I support liquor tax per drink limited luxury sales tax and removing PDF payoff if it was used to balance the budget. Instead of subsidizing the federal government keep it and balance the budget. My support for these issues would have to include a spending and balanced budget bill.  
Date Sent: 02/12/2002

Edna A Resari,  
4031 North Star St  
4031 North Star St  
Anchorage, AK 99503  
Phone: -  
E-mail:

Constituency: N  
Distribution: 8  
Affiliation:  
Reg Voter: Y

Subject/Bill HB 367 Opposes

I wish to oppose HB 367 regarding Denali Kid Care. I'm a school nurse and see many children benefiting from this program.  
Date Sent: 02/12/2002

Mr. Gregg L Ashwill,  
2212 Cliff Ct  
2212 Cliff Ct  
Anchorage, AK 99517  
Phone: -  
E-mail: airman@alaska.com

Constituency: N  
Distribution: 40  
Affiliation:  
Reg Voter: Y

Subject/Bill SB 258 Opposes

I adamantly oppose any kind of tax on Alaska businesses. This will discourage business startups. Reduce the State budget to a reasonable number. The spending in this State is ridiculous."  
Date Sent: 02/12/2002

Alaska State Legislature  
Public Opinion Messages

James C Weidner,  
5479 Chena Hot Springs Rd  
5479 Chena Hot Springs Rd  
Fairbanks, AK 99712  
Phone: -  
E-mail:

Constituency: N  
Distribution: 60  
Affiliation:  
Reg Voter: Y

Subject/Bill TAXATION

I support actually cutting the budget. There is no need for any of these taxes. Cost of operating the State of Alaska's government is more than other states such as Wyoming Idaho North Dakota.  
Date Sent: 02/12/2002

Kathleen A Lawton,  
11435 Mausel Rd  
11435 Mausel Rd  
Eagle River, AK 99577  
Phone: -  
E-mail:

Constituency: N  
Distribution: 60  
Affiliation:  
Reg Voter: Y

Subject/Bill HB 66 Opposes

Also SB 14. As a soil chemist plant physiologist and environmental specialist I believe the Pesticide Right to Know bill is a waste of Alaska's time and money at this time. I respect Representative Cissna's efforts but this bill is not needed. Please choose to spend that money elsewhere.  
Date Sent: 02/12/2002

Mr. Thomas R Kelly,  
4211 Passage Wy  
Anchorage, AK 99516  
Phone: 269-8040  
E-mail: kellyt@katewwdb.com

Constituency: N  
Distribution: 60  
Affiliation:  
Reg Voter: Y

Subject/Bill HB 258 Opposes

As a business owner I strongly oppose the introduction of this legislation. And I would urge you to vote against this proposed change which would tax businesses on gross revenue. Another example of trying to tax people who are trying to be productive.  
Date Sent: 02/12/2002

Clifford E Boner,  
Hc 60 Box 2465  
Hc 60 Box 2465  
Copper Center, AK 99573  
Phone: -  
E-mail:

Constituency: N  
Distribution: 60  
Affiliation:  
Reg Voter: Y

Subject/Bill SCR 25 Opposes

Who is going to pay the bill for a lawsuit to change ANILCA? Either do your job or get out of dodge!  
Date Sent: 02/12/2002

Alaska State Legislature  
Public Opinion Messages

Kenneth J Mears,  
1941 Wickersham Dr  
1941 Wickersham Dr  
Anchorage, AK 99507  
Phone: -  
E-mail:

Constituency: N  
Distribution: 60  
Affiliation:  
Reg Voter: Y

Subject/Bill TAXATION

Contributions from non-resident guides fisherman and lodges who have priority over urban and rural residents are hard to get with their very sharp pencils. A gross renewable resource business tax with liberal resident credits could do it. The state AG had previously willed this possibility as the money is not spent here.

Date Sent: 02/12/2002

Jerome R Moore,  
Po Box 140223  
Po Box 140223  
Anchorage, AK 99514-0223  
Phone: -  
E-mail:

Constituency: N  
Distribution: 60  
Affiliation:  
Reg Voter: Y

Subject/Bill TOURISM

I am against the proposed \$6million ads for the tourism industry. There are no guarantees for any return on the money spent. The economy is bad alot of folks are putting off travel plans. The major amount of the money is spent in the company businesses.

Date Sent: 02/12/2002

Ms. Michelle s Tabler,  
13241 Vern Dr  
13241 Vern Dr  
Anchorage, AK 99516  
Phone: 274-2886  
E-mail: mtabler@alaska.net

Constituency: N  
Distribution: 60  
Affiliation:  
Reg Voter: Y

Subject/Bill TAXATION

I am VERY opposed to a state income tax. Use the Permanent Fund FIRST for state government - that is what the Fund was set up for. Don't tax my income while thousands of people who don't work won't pay the tax AND still receive their Permanent Fund checks. Michelle Tabler

Date Sent: 02/12/2002

Linda J Sisson,  
129 Parkwood Cir  
129 Parkwood Cir  
Soldotna, AK 99669  
Phone: -  
E-mail: jsisson@ideafamilies.org

Constituency: N  
Distribution: 59  
Affiliation: Sisson Homeschool  
Reg Voter: Y

Subject/Bill EDUCATION

The proposed regulations by D.E.E.D. regarding restrictions on the use of privately purchased curricular material[4AAC33.421(d) 4AAC33.421(e)(1)and 4AAC33.421(g)(2)] NEED TO BE RE-WRITTEN! We have a constitutional right to use Christian curriculum purchased with private funds. This regulation would prohibit this freedom.

Date Sent: 02/12/2002

Alaska State Legislature  
Public Opinion Messages

Jeffrey A Sisson,  
129 Parkwood Cir  
Po Box 3585  
Soldotna, AK 99669  
Phone: -  
E-mail: csisson@connect.kpbsd.k12.ak.us

Constituency: N  
Distribution: 20  
Affiliation:  
Reg Voter: Y

Subject/Bill EDUCATION

I oppose the D.E.E.D proposed regulations affecting homeschooling in Alaska. These regulations if allowed to pass would de state I.D.E.A. and other homeschooling programs in Alaska. THESE REGULATIONS NEED TO BE RECONSIDERED. Homeschooling is a wonderful alternative educational system and it would be too bad to loose it.

Date Sent: 02/12/2002

Leora A Pooler,  
Po Box 714  
Po Box 714  
Sterling, AK 99672  
Phone: -  
E-mail:

Constituency: N  
Distribution: 60  
Affiliation:  
Reg Voter: Y

Subject/Bill TAXATION

Is it the water in Juneau? Have you guys gone crazy? All we hear coming out of Juneau is taxes taxes taxes! How can you DREAM of taxes and appropriate tourism \$6M? Be advised: people are watching VERY carefully. I gaurantee tax supporters are serving their last term in Juneau.

Date Sent: 02/13/2002

Mr. Michael K Segelhorst,  
3910 Image Dr  
Anchorage, AK 99504  
Phone: 33-8788  
E-mail:

Constituency: N  
Distribution: 27  
Affiliation:  
Reg Voter: Y

Subject/Bill TAXATION

Stop taking direction from the Anchorage Daily News. Listen to people and read the polls. Spending cuts and spending cap are needed first. No new taxes yet". Remember you were elected generally as fiscal conservatives. Please keep your promises and remember it"s an election year."

Date Sent: 02/13/2002

Lapriel C Stephan,  
Po Box 112114  
Po Box 112114  
Anchorage, AK 99511-2114  
Phone: -  
E-mail:

Constituency: N  
Distribution: 18  
Affiliation:  
Reg Voter: Y

Subject/Bill HB 303 Opposes

Bad bill HB 303 the sales tax proposal. You're definitely more apt to lose at the next election if you pass HB 303. Use the interest from permanent fund if necessary cut give-away programs and social services. Didn't need to give money to ANWR advertising

Date Sent: 02/13/2002

Alaska State Legislature  
Public Opinion Messages

Dr. Thomas. N Davis,  
375 Miller Hill RD  
Fairbanks, AK 99709  
Phone: -  
E-mail: neildavs@mosquitonet.com

Constituency: N  
Distribution: 60  
Affiliation:  
Reg Voter: U

Subject/Bill TAXATION

I strongly support reinstatement of the Alaska Income Tax as proposed by Governor Knowles. I strongly oppose imposition of a sales tax. T. Neil Davis Voter ID 00090959.  
Date Sent: 02/13/2002

Mr. Leroy K Smith,  
10030 Gebhart DR  
Anchorage, AK 99515  
Phone: 248-8375  
E-mail: lspara@acsalaska.net

Constituency: N  
Distribution: 60  
Affiliation:  
Reg Voter: U

Subject/Bill TAXATION

I support a seasonal sales tax - everybody pays including tourists using infrastructure. Regarding municipal or borough objections share it. A 6 percent sales tax with 1 percent to the municipalities village or borough collecting it.  
Date Sent: 02/13/2002

Janet Lemire,  
Po Box 293  
Po Box 293  
Klawock, AK 99925-0293  
Phone: 826-3007  
E-mail: lemirecharters@yahoo.com

Constituency: N  
Distribution: 60  
Affiliation:  
Reg Voter: Y

Subject/Bill TAXATION

Any kind of taxation is not a good idea. The economy is not good now and we Alaskans who are left are struggling enough as it is. Face reality and cut spending.  
Date Sent: 02/13/2002

Mr. Bret W Kunkle,  
1901 McCormick RD  
North Pole, AK 99705  
Phone: -  
E-mail:

Constituency: N  
Distribution: 60  
Affiliation:  
Reg Voter: U

Subject/Bill TAXATION

Rep. Kohring"s recently released approach to cure the fiscal problems of state government by shrinking the size of government receives the full support of me and my co-workers here at the refinery in North Pole.  
Date Sent: 02/13/2002

**Subject: Re: permanent fund proposal,Reply**

**Date: Mon, 11 Feb 2002 14:48:16 -0800**

**From: "W." <william.slone@acsalaska.net>**

**To: "Representative John Coghill" <Representative\_John\_Coghill@legis.state.ak.us>**

Thanks for reviewing and for your comments

Slone

----- Original Message -----

From: "Representative John Coghill"

<Representative\_John\_Coghill@legis.state.ak.us>

To: "W." <william.slone@acsalaska.net>

Sent: Sunday, February 10, 2002 6:41 PM

Subject: Re: permanent fund proposal,Reply

> Dear W. L. Slone,

>

> Thanks for the very thoughtful solution to our Permanent Fund Earnings  
> usage for Alaskans. Much of what you propose would have constitutional  
> and IRS barrier ramifications that would be significant. However the  
> biggest barrier would be the political one of public mistrust and  
> legislative reluctance in installing such a complex system. An agreement  
> of sixty legislators and a governor on such an issue would be next to  
> impossible.

> I am making a copy of your proposal and will show it to some legislators  
> and maybe this could spark further discussion.

> Thanks for the time you have put into this idea, I truly respect your  
> effort.

> John Coghill

>

>

**Subject: State Budget**

**Date: Mon, 11 Feb 2002 12:52:35 -0900**

**From: Delia Call <deliac@ciri.com>**

**To: "Representative\_John\_Coghill@legis.state.ak.us" <Representative\_John\_Coghill@legis.state.ak**

Rep. Coghill: I'll keep this short.

Here's what this and many hardworking Alaskans want:

- cut spending by creating efficiencies in State government offices
- require state workers who are frequent flyers to use mileage plan miles towards state-related travel, not personal use.
- cap or eliminate perm. fund
- if a tax is needed to close the gap, let it be a sales tax.

Two of the three above would affect me - as a receiver of perm. fund and as a business manager in collecting taxes. Both would be burdensome, however, there is no logic to distributing perm. fund checks and collecting income taxes from those of us work hard to support ourselves and our families.

Thank you,

Delia Call

Anchorage citizen

508 Lynwood Dr., Apt. B

Anchorage, AK 99518

**Subject: DEFICIT**

**Date: Mon, 11 Feb 2002 14:55:40 -0600**

**From: "Grawunder, Phillip L." <Phillip.Grawunder@BakerPetrolite.com>**

**To: "Representative\_John\_Coghill@legis.state.ak.us" <Representative\_John\_Coghill@legis.state.ak.us>**

Rep. Coghill;

Please forward my position to others who will listen. Keep up the good fight!

JUST SOLVE THE PROBLEM

If our deficit is \$1.3. 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;

DEFICIT

Phil Grawunder  
12600 Shelburne  
Anchorage, AK 99516  
Home 345-4953  
Cell 223-3688  
Phillip.Grawunder@bakerpetrolite.com

Phil Grawunder  
<<Phil.Grawunder.vcf>>

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Phil Grawunder <[Phillip.Grawunder@BakerPetrolite.com](mailto:Phillip.Grawunder@BakerPetrolite.com)>  
Area Mgr.  
Baker Petrolite

# Policy Analysis

3/7/02

No. 343

May 13, 1999

## *The State Spending Spree of the 1990s*

by Dean Stansel and Stephen Moore

### Executive Summary

Today, almost without exception, state governments are awash in tax revenues. Between 1992 and 1998 state revenues grew at almost twice the rate of inflation plus population growth. If states had restricted increases in spending and tax collection to the rate of inflation and population growth over the period 1992-98, the state tax burden would be \$75.2 billion lower today, or \$278 less per person. In Michigan, the excess tax burden from 1992 to 1998 came to \$787 per person; in New Mexico, \$661; in Minnesota, \$573; in Connecticut, \$535; and in Wisconsin, \$520.

In 1999 state tax receipts are again exceeding expectations. States will also begin to receive from tobacco litigation settlements an additional revenue bonus worth \$206 billion over the next 25 years.

As record tax revenues have poured into state coffers, state government expenditures have soared. In an era of almost no inflation, state budgets grew by 4.5 percent in 1996, 5 percent in 1997, and nearly 6 percent in 1998. Four states (Vermont, Florida, Nevada, and South Dakota) actually raised their spending by 10

percent or more in 1998. The states now spend roughly \$600 (adjusted for inflation) more per person than they did in 1990. Seven states have permitted their budgets to mushroom by more than 30 percent after adjusting for population growth and inflation: Mississippi, Oregon, Arkansas, West Virginia, Texas, Missouri, and New Hampshire.

Over the past four years, only about one of every three dollars of the unexpected revenue surpluses has been returned to taxpayers. Unless states begin to cap expenditure growth and cut taxes to reduce the revenue intake of state governments, they may be faced at the end of this expansion with the same massive deficits that created tidal waves of red ink when the 1980s boom ended.

One of Jesse Ventura's most popular messages in his improbable but successful independent campaign for governor of Minnesota was a promise to "give back" the burgeoning budget surplus revenues to the taxpayers of the state. It is sad but revealing that so few of the governors of either party have promised to do the same despite multi-billion-dollar windfalls.

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*Dean Stansel is an associate policy analyst at the Cato Institute. Stephen Moore is director of fiscal policy studies at Cato.*

**Last year almost  
half the states  
had gigantic  
reserves of 10  
percent or more.**

## Introduction

With the economy booming, tax revenues are pouring into state treasuries, and most state governments are in excellent fiscal shape.<sup>1</sup> Last year, the 50 states closed their books with a combined surplus of \$36 billion. At 9 percent of expenditures, budget reserves are at their highest level in nearly two decades.<sup>2</sup> Predictably, those large surpluses have created intense political pressure in state capitals for new and expanded spending programs.

Ten years ago, the states were in the midst of a similar fiscal boom. Few states resisted the pressure to use their surplus revenues to create costly new spending programs. Then when the economy went into a downturn in 1990, the states found themselves in what many described as their worst fiscal crisis since the Depression. Then-governor Mario Cuomo of New York described the situation in his state: "We are broke down to the marrow of our bones." That statement could have described the fiscal plight of about half the states in the early 1990s. Revenue growth slowed, but demands to meet all the new spending commitments did not.<sup>3</sup>

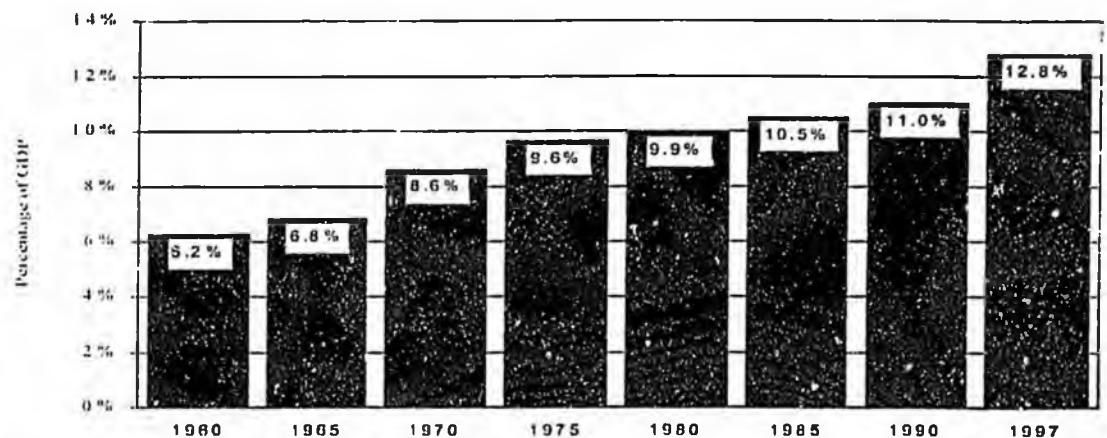
States *have* been building up their "rainy day" funds in recent years to protect against a recession. According to the National Assoc-

iation of State Budget Officers, last year all but 10 of the 50 states had end-of-year balances that exceeded the 3 to 5 percent of expenditures recommended by most financial analysts.<sup>4</sup> Almost half the states had gigantic reserves of 10 percent or more.

Yet even with those large revenue reserves, state spending has soared in recent years. By virtually every measure, state budgets have expanded faster in the 1990s than they did in the fiscally reckless 1980s. Moreover, since 1994 state budgets have grown 50 percent faster than the federal budget. Rather than returning excess revenue to state taxpayers, all too often today governors and state legislators across America are spending the taxpayers' surplus.

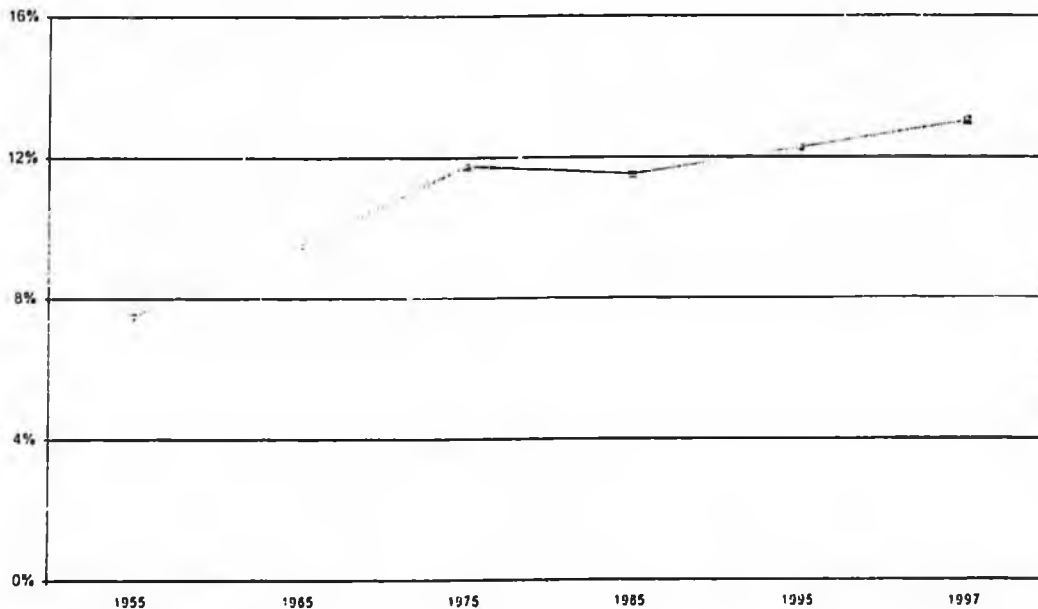
Some state officials have tried to justify the big budget hikes by arguing that vital public programs have been neglected by governors and state legislatures. The truth is that state governments have been on a long-term trend of rapid growth. State governments consume a larger share of gross national product today than ever before in history. Figure 1 shows that, since 1960, state revenue as a percentage of GDP has roughly doubled. And it is untrue that states are doing more because localities are doing less. Figure 2 shows that *combined* state and local taxes as a percentage of median family income have

**Figure 1**  
**State Revenues as a Percentage of GDP**



<sup>1</sup>Source: U.S. Department of Commerce, Bureau of the Census and Bureau of Economic Analysis.

**Figure 2**  
**State and Local taxes as a Percentage of Median Family Income, 1955-97**  
**(two-income family)**



Source: Tax Foundation.

almost doubled over the past four decades.

Many of the areas of state budgets that are said to be "underfunded" have actually seen dramatic increases over the past decade or more. Since 1970 state spending on education per student adjusted for inflation has roughly doubled. Since 1980 state highway spending has also risen faster than population and inflation. State health and welfare spending has risen three times faster than population and inflation. Surplus or not, there's no case for expanding state government, still further.

While many Republican governors have been cutting taxes, those tax reductions have been inadequate to keep pace with the huge revenue windfalls from the strong economic expansion of the past six years. Since 1994, despite \$15 billion in tax cuts, state tax collections have exceeded expectations by a cumulative \$30 billion. About two-thirds of that revenue windfall were spent, rather than rebated to taxpayers.

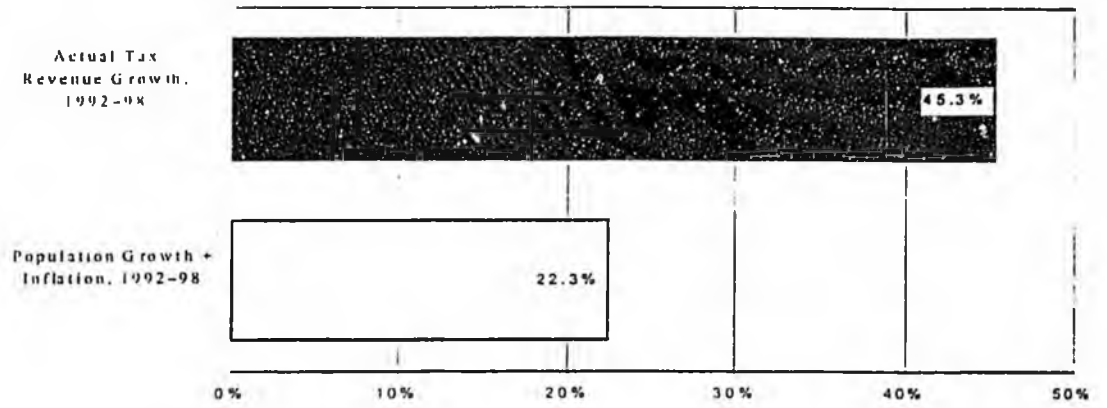
The result has been that state tax revenues have dramatically outpaced population

growth and inflation—which are considered a standard benchmark for normal revenue growth. From 1992 to 1998 state tax revenue grew by 45 percent, while population and inflation rose by a combined 22 percent (Figure 3). In 1998 alone, those excessive tax collections created a revenue windfall of \$75 billion, or \$278 per capita (Figure 4).<sup>5</sup> With 31 states now having Republican governors, most of whom tout themselves as tax-cutting fiscal conservatives, the results of our analysis are surprising. Since large budget surpluses are expected again in 1999 and 2000, this year's budgets signed into law by the governors will be critical in determining the future fiscal course of the states. The choice facing George W. Bush of Texas, Gray Davis of California, John Engler of Michigan, Tommy Thompson of Wisconsin, and most other governors this year is to dramatically cut taxes or to continue the spending spree on new and expanded state programs. This study shows that the states that use surpluses to cut high tax rates can be expected to experience the fastest economic growth in the future.

**Tax reductions have been inadequate to keep pace with the huge revenue windfalls from the strong economic expansion of the past six years.**

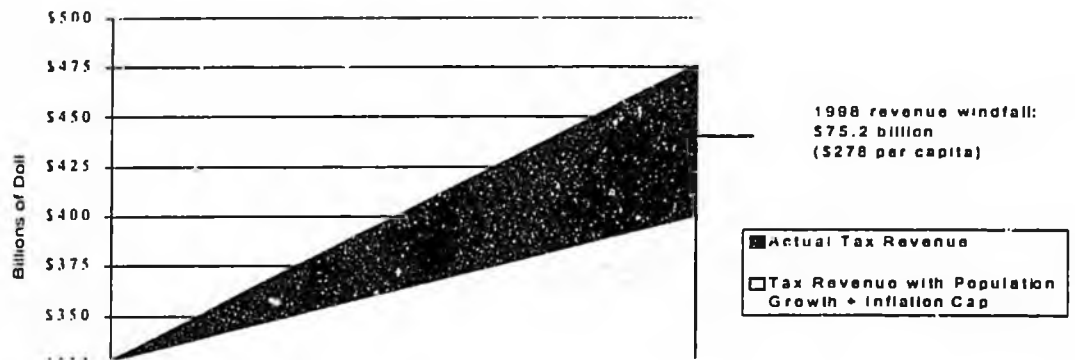
In the 1990s  
state budgets  
have continued  
to expand rapidly.

**Figure 3**  
State Revenue Growth Outpaces Population and Inflation, 1992-98

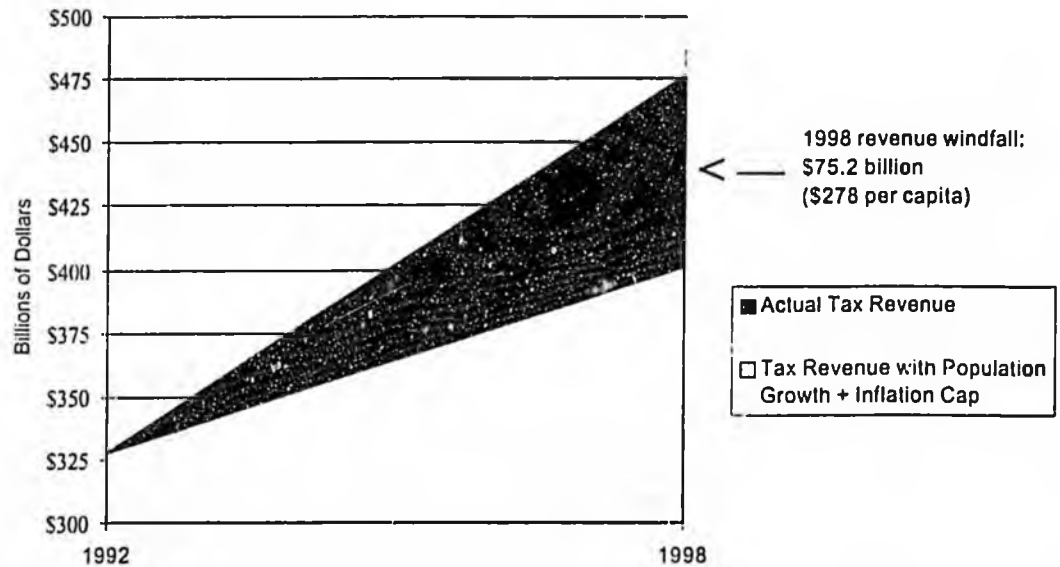


**State Spending Trends**

to expand rapidly. Between 1990 and 1997



**Figure 4**  
\$75 Billion Revenue Windfall



Medicaid spending has doubled from 8 to 16 percent of total state budgets. In percentage terms, public welfare, administration, interest on general debt, and especially corrections have also been high-growth areas in state budgets since 1980.

No matter how it is measured, state spending has accelerated in the 1990s. As Figure 5 shows, real state spending has even been growing slightly faster in the 1990s than it did in the 1980s—when many state budgets doubled in size.<sup>6</sup> State expenditures expanded by 3.4 percent per year in the 1980s, after adjusting for inflation, compared to a 3.5 percent growth rate in the 1990s. On a per capita basis, real state spending has grown by 2.5 percent per year in the 1990s, slightly faster than in the 1980s.

State spending per \$1,000 of personal income nudged upward by 0.1 percent per year in the 1980s. In the 1990s state outlays have grown at an annual rate of 1.3 percent above income growth. And there is no sign of a spending slowdown. Since 1996 state general fund spending has accelerated to 3.1 percent of real growth per year, compared to the 1.7 percent per year growth rate from 1990 to 1996.<sup>7</sup>

### The Biggest Spending States

The nationwide spending totals for the states mask the huge diversity in budget trends among the states. Table 2 shows that the spending trends in individual states varied from a high of 58.8 percent in Oregon to Alaska's 0.6 percent *decline* in real spending. Alaska was the only state with an absolute decline in spending, and that was a result of the drop in oil prices, which has severely reduced the state's oil tax revenues.

- Three states increased real spending by more than 50 percent from 1990 to 1997: Oregon (58.8 percent), Texas (52.9 percent), and Mississippi (51.5 percent).
- Three other states increased real spending by less than 10 percent from 1990 to 1997: Alaska (0.6 percent *decline*), Wyoming (5.5 percent), and Rhode Island (8.1 percent).

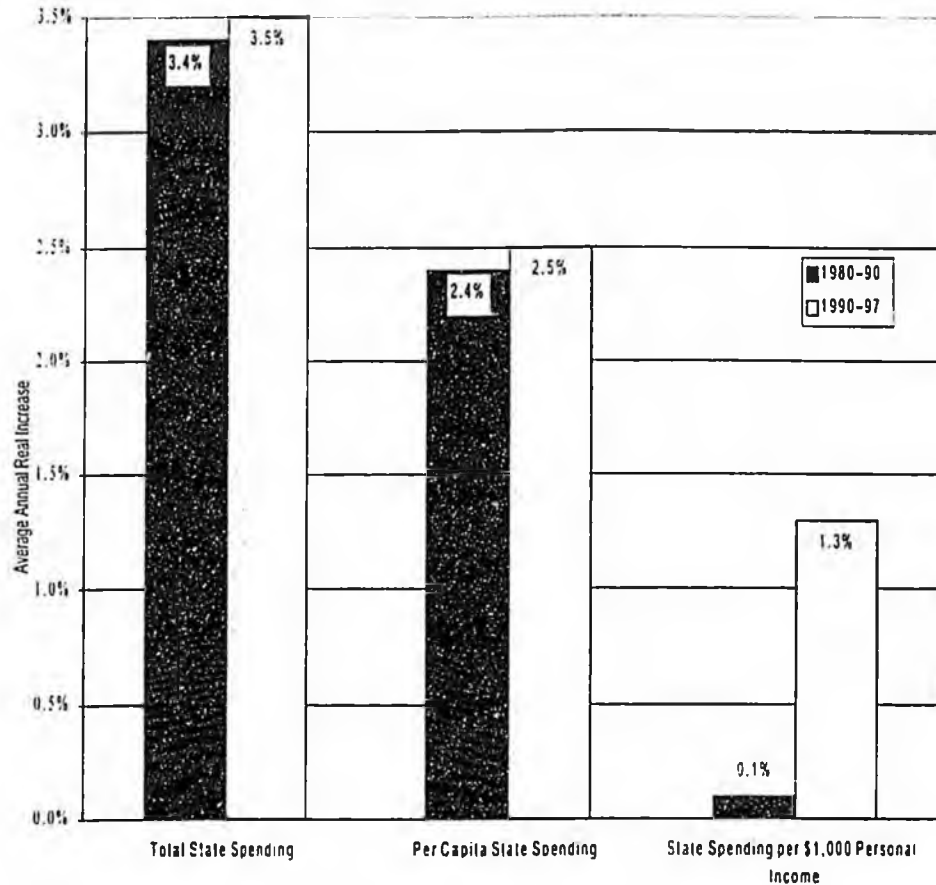
To control for differences in state populations, government spending and tax figures are often measured on a per capita basis. Table 3 shows the 10 states where real per capita state spending increased the most

**In the 1990s state outlays have grown at an annual rate of 1.3 percent above income growth.**

**Table 1**  
**Shifting Spending Priorities: State Spending by Function (in millions of 1997 dollars)**

	1980	1990	1997	1980-97 Real Increase	
				Mil. \$	Percentage
Education	\$171,420	\$226,694	\$275,821	\$104,401	61%
Public welfare	\$86,198	\$128,957	\$203,204	\$117,006	136%
Health and hospitals	\$34,805	\$52,411	\$63,193	\$28,388	82%
Highways	\$48,819	\$54,360	\$60,204	\$11,385	23%
Correction	\$8,673	\$21,212	\$29,043	\$20,370	235%
Governmental administration	\$13,624	\$22,556	\$28,656	\$15,033	110%
Interest on general debt	\$13,183	\$26,452	\$26,310	\$13,127	100%
Natural resources	\$8,471	\$12,173	\$12,909	\$4,437	52%
Police protection	\$4,412	\$6,346	\$7,501	\$3,089	70%
Parks and recreation	\$3,012	\$3,432	\$3,900	\$888	29%
Other and unallocable	\$52,262	\$69,332	\$77,434	\$25,173	48%

**Figure 5**  
**State Spending Growth Up Slightly in the 1990s**



The spending trends in individual states varied from a high of 58.8 percent in Oregon to Alaska's 0.6 percent decline in real spending.

from 1990 to 1997 and the 10 states where it increased the least.

- Real per capita spending grew by more than 35 percent in four states: Mississippi (43.0 percent), Oregon (39.9 percent), Arkansas (38.2 percent), and West Virginia (36.3 percent). Mississippi moved from the 41st highest spending state in 1990 to the 26th in 1997. Oregon moved up 16 rankings: from the 29th to the 13th highest spending state.
- Real per capita spending *declined* in three states: Alaska (9.8 percent), Arizona (1.2 percent), and Wyoming (0.3 percent) and grew by less than 6 percent in two others: Nevada (3.6 percent) and Vermont (5.8 percent). Arizona's per capita spending ranking improved from 26th to 46th in the nation. Nevada's per capita spending

position improved from 19th highest to 32nd highest.

Another way to express government spending and tax figures, which controls for differences in the size of state economies, is on a per \$1,000 of personal income basis. Table 4 shows the 10 states where state spending per \$1,000 of personal income increased the most from 1990 to 1997—led by once-frugal New Hampshire—and the 10 states where it increased the least.

- State spending per \$1,000 of personal income grew by more than 20 percent in six states: New Hampshire (24.5 percent), West Virginia (22.2 percent), Oregon (22.1 percent), Mississippi (21.9 percent), Missouri (21.8 percent), and Arkansas (21.0 percent).

**Table 2**  
**Total State Expenditure (millions of 1997 dollars), 1990-97**

State	Increase, 1990-97	Rank	1997	Rank	1990	Rank
U.S. Total	27.2%	---	\$893,827	---	\$702,591	---
Oregon	58.8%	1	\$12,388	27	\$7,803	29
Texas	52.9%	2	\$48,887	3	\$31,974	3
Mississippi	51.5%	3	\$9,006	31	\$5,943	31
Arkansas	48.1%	4	\$7,685	32	\$5,188	34
Georgia	46.5%	5	\$21,975	13	\$15,004	14
Idaho	46.1%	6	\$3,674	43	\$2,515	44
Utah	43.9%	7	\$6,818	36	\$4,738	37
Nevada	42.6%	8	\$5,130	39	\$3,598	41
Florida	40.4%	9	\$37,464	5	\$26,687	8
Missouri	39.1%	10	\$14,230	21	\$10,229	22
Tennessee	38.4%	11	\$14,284	20	\$10,323	21
West Virginia	38.1%	12	\$7,145	34	\$5,174	35
North Carolina	37.9%	13	\$22,864	11	\$16,576	12
New Mexico	37.7%	14	\$7,059	35	\$5,125	36
New Hampshire	37.2%	15	\$3,324	45	\$2,423	46
Colorado	35.8%	16	\$10,861	28	\$7,998	28
Kentucky	35.6%	17	\$12,949	23	\$9,548	26
Nebraska	35.5%	18	\$4,802	40	\$3,544	42
Washington	33.2%	19	\$22,207	12	\$16,667	11
Minnesota	32.2%	20	\$18,443	15	\$13,950	16
South Carolina	32.2%	21	\$12,847	25	\$9,717	25
Pennsylvania	30.4%	22	\$39,296	4	\$30,136	5
Delaware	30.2%	23	\$3,404	44	\$2,614	43
Illinois	30.2%	24	\$35,302	8	\$27,115	7
Alabama	30.0%	25	\$12,945	24	\$9,961	24
Montana	29.9%	26	\$3,204	46	\$2,466	45
Wisconsin	29.8%	27	\$18,200	16	\$14,025	15
Kansas	29.7%	28	\$7,496	33	\$5,780	32
Hawaii	29.4%	29	\$6,093	37	\$4,708	38
Indiana	28.0%	30	\$16,370	17	\$12,794	18
Michigan	27.2%	31	\$36,092	7	\$28,376	6
South Dakota	25.4%	32	\$2,070	50	\$1,651	50
Virginia	24.3%	33	\$19,287	14	\$15,518	13
Louisiana	23.4%	34	\$14,286	19	\$11,572	20
Arizona	22.3%	35	\$12,419	26	\$10,154	23
California	21.4%	36	\$117,643	1	\$96,888	1
Ohio	20.7%	37	\$37,407	6	\$31,004	4
Iowa	20.5%	38	\$9,348	30	\$7,760	30
Oklahoma	19.9%	39	\$9,593	29	\$8,004	27
Maine	18.8%	40	\$4,441	41	\$3,740	39
Maryland	16.7%	41	\$16,200	18	\$13,877	17
New York	14.6%	42	\$83,243	2	\$72,652	2
Connecticut	13.8%	43	\$13,826	22	\$12,145	19
North Dakota	12.5%	44	\$2,426	47	\$2,156	47
Massachusetts	12.0%	45	\$25,791	10	\$23,017	10
New Jersey	11.7%	46	\$29,450	9	\$26,356	9
Vermont	10.4%	47	\$2,123	49	\$1,923	49
Rhode Island	8.1%	48	\$4,002	42	\$3,703	40
Wyoming	5.5%	49	\$2,127	48	\$2,016	48
Alaska	-0.6%	50	\$5,722	38	\$5,759	33

Between 1990 and 1996 the number of state and local government employees grew from fewer than 15.4 million to nearly 16.8 million.

**Table 3**  
Per Capita Total State Expenditure (1997 dollars), 1990-97

State	Increase, 1990-97	Rank	1997	Rank	1990	Rank
U.S. Total	18.6%	---	\$3,340	---	\$2,817	---
<i>Greatest Spending Increase</i>						
Mississippi	43.0%	1	\$3,298	26	\$2,306	41
Oregon	39.9%	2	\$3,819	13	\$2,730	29
Arkansas	38.2%	3	\$3,046	33	\$2,204	45
West Virginia	36.3%	4	\$3,935	12	\$2,887	21
Texas	34.1%	5	\$2,515	50	\$1,876	50
Missouri	32.0%	6	\$2,634	48	\$1,995	49
New Hampshire	30.1%	7	\$2,834	42	\$2,179	46
Nebraska	29.2%	8	\$2,898	38	\$2,242	44
Pennsylvania	29.0%	9	\$3,269	29	\$2,533	32
Kentucky	28.1%	10	\$3,313	24	\$2,586	30
<i>Smallest Spending Increase</i>						
Alaska	-9.8%	50	\$9,392	1	\$10,412	1
Arizona	-1.2%	49	\$2,726	46	\$2,760	26
Wyoming	-0.3%	48	\$4,433	5	\$4,446	2
Nevada	3.6%	47	\$3,059	32	\$2,953	19
Vermont	5.8%	46	\$3,605	19	\$3,406	9
New Jersey	7.6%	45	\$3,655	16	\$3,398	11
Maryland	9.9%	44	\$3,180	30	\$2,893	20
Rhode Island	10.0%	43	\$4,053	9	\$3,686	8
Massachusetts	10.2%	42	\$4,216	7	\$3,825	6
North Dakota	11.9%	41	\$3,785	14	\$3,383	12

\* State spending per \$1,000 of personal income *declined* in six states: Wyoming (10.7 percent), Alaska (9.3 percent), Nevada (8.2 percent), Arizona (7.2 percent), North Dakota (6.4 percent), and South Dakota (0.4 percent). In Wyoming and Alabama that decline in spending has been attributable to the decline in oil prices.

#### State and Local Bureaucracies in the 1990s

Between 1990 and 1996 the number of state and local government employees grew from fewer than 15.4 million to nearly 16.8 million.<sup>8</sup> That is an increase of 9.2 percent, or 1.5 percent per year. As Figure 6 shows, state and local bureaucracies are growing faster in

the 1990s than they did in the 1980s. In contrast, private-sector nonfarm employment growth has been slower than it was in the 1980s.

- The number of state and local government employees increased by 1.28 percent per year in the 1980s. In the 1990s state employment has accelerated to 1.48 percent per year.
- Total nonfarm private-sector employment growth *declined* from 1.91 percent per year in the 1980s to 1.46 percent per year in the 1990s.
- In the 1980s state and local government employment growth lagged behind total nonfarm employment growth (1.28 to

**Table 4**  
**Total State Expenditure per \$1,000 Personal Income, 1990-97**

State	Increase, 1990-97	Rank	1997	Rank	1990	Rank
U.S. Total	9.3%	---	\$139.46	---	\$127.64	---
<i>Greatest Budget Increase</i>						
New Hampshire	24.5%	1	\$108.14	50	\$86.84	50
West Virginia	22.2%	2	\$216.62	3	\$177.31	6
Oregon	22.1%	3	\$169.60	14	\$138.90	26
Mississippi	21.9%	4	\$190.91	7	\$156.66	15
Missouri	21.8%	5	\$117.31	43	\$96.33	47
Arkansas	21.0%	6	\$163.08	18	\$134.79	32
Texas	19.5%	7	\$114.91	46	\$96.13	48
Pennsylvania	17.5%	8	\$133.05	33	\$113.19	40
Florida	16.7%	9	\$109.02	49	\$93.39	49
Kentucky	15.1%	10	\$171.32	12	\$148.80	18
<i>Smallest Budget Increase</i>						
Wyoming	-10.7%	50	\$205.77	4	\$230.45	2
Alaska	-9.3%	49	\$388.98	1	\$429.04	1
Nevada	-8.2%	48	\$123.83	40	\$134.94	31
Arizona	-7.2%	47	\$133.00	34	\$143.33	20
North Dakota	-6.4%	46	\$185.67	8	\$198.64	4
South Dakota	-0.4%	45	\$136.92	32	\$137.42	29
Vermont	0.1%	44	\$163.21	17	\$163.00	9
Colorado	1.2%	43	\$111.10	48	\$109.74	44
New Jersey	1.8%	42	\$119.02	42	\$116.91	36
Washington	2.7%	41	\$161.17	19	\$156.96	14

1.91 percent per year).

• In the 1990s the growth of state and local government bureaucracies is outpacing total nonfarm employment growth (1.48 to 1.46 percent per year).

While total U.S. state and local employees increased by 1.48 percent per year from 1990 to 1996, as Table 5 shows, the record in individual states varied widely from a high of 5.58 percent per year in Nevada to New York's 0.88 percent per year *decline*.

• Six states increased their state and local bureaucracies by more than 3 percent per

year from 1990 to 1996: Nevada (5.58 percent), Arizona (4.48 percent), Idaho (3.67 percent), Utah (3.49 percent), Texas (3.06 percent), and New Mexico (3.04 percent).

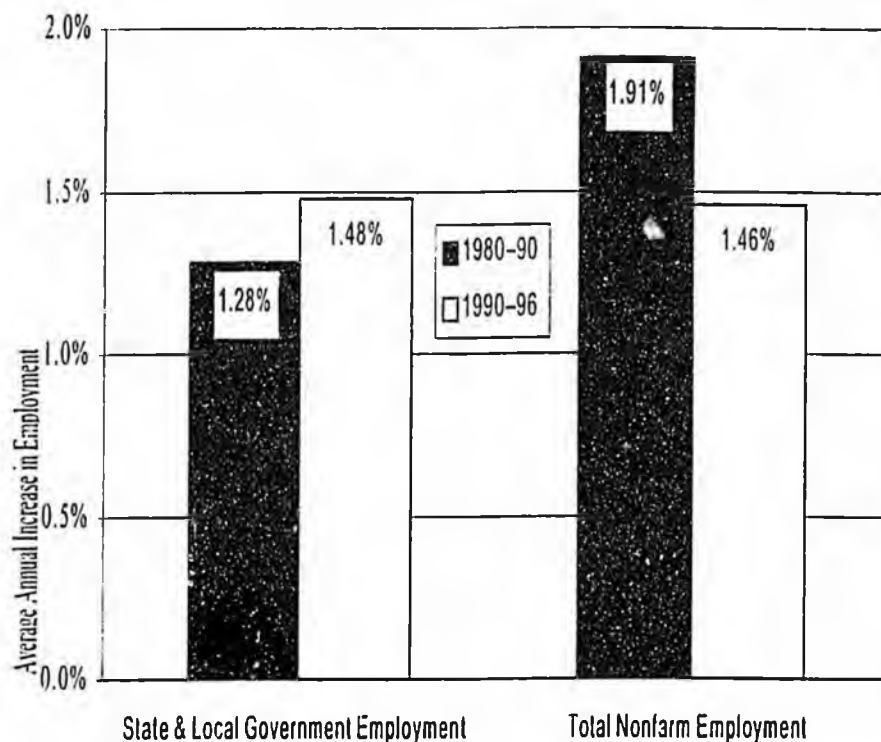
• State and local government employment has *declined* in two states: New York (0.88 percent per year) and Rhode Island (0.20 percent); it has grown by less than 0.5 percent per year in three others: New Jersey (0.21 percent per year), Massachusetts (0.28 percent), and Michigan (0.42 percent).

The increased growth in the size of state

**The privatization trend should lead to reduced bureaucracies, not expanded ones.**

**States increased their tax burdens by an unprecedented amount in 1990 and 1991.**

**Figure 6**  
**State and Local Bureaucracies Outpace Growth of the Private Sector in the 1990s**



and local bureaucracies has come at a time when more and more governments are turning to contracting out and other forms of privatization. The privatization trend should lead to reduced bureaucracies, not expanded ones. In addition, numerous states have imposed so-called hiring freezes, yet their payrolls continue to expand. For instance, Arkansas has been under a hiring freeze for more than a decade now, but the state added 2,000 additional employees a year from 1990 to 1996. Total state employment there increased by 20 percent over those six years.<sup>11</sup>

**What Drives Spending? Revenue Growth**

The first half of the 1990s was a period of economic stagnation, steeply rising tax burdens, and rising state expenditures on welfare and health care.<sup>12</sup> States increased their tax burdens by an unprecedented amount in 1990 and 1991. Moreover, rates of income taxes, the most destructive of state taxes,<sup>13</sup> were raised substantially in many states. Govs. Pete Wilson of California, James Florio of New

Jersey, Lowell Weicker of Connecticut, Bruce Sundlun of Rhode Island, Bob Casey of Pennsylvania, and George Voinovich of Ohio all enacted "soak the rich" income tax increases. Those states suffered substantial losses of jobs, income, and investment capital relative to the rest of the nation following those tax hikes.<sup>14</sup>

In 1995 the trend was dramatically reversed. Twenty-eight states enacted tax cuts that year, "[Nineteen ninety-five] was the largest tax-cutting year for states in a decade," concluded economists Arthur Laffer and Victor Canto in their annual report ranking the tax competitiveness of the states.<sup>15</sup> In 1996 another 28 states cut their tax burdens, and in 1997 and 1998, 30 states cut taxes.

In Michigan John Engler has cut taxes more than 20 times in eight years in office and is now planning to cut the state income tax from 4.3 to 3.9 percent starting in 2000. New Jersey's Christine Todd Whitman cut income taxes by 30 percent in 1995. Wisconsin's Tommy Thompson has cut income and prop-

Table 5

Average Annual Change in State and Local Employment and Nonfarm Employment, 1980-90 and 1990-96

State	State & Local Government Employment				Total Nonfarm Employment			
	1990-96	Rank	1980-90	Rank	1990-96	Rank	1980-90	Rank
U.S. Total	1.48%	---	1.28%	---	1.46%	---	1.91%	---
Nevada	5.58%	1	3.11%	3	5.22%	1	4.50%	1
Arizona	4.48%	2	2.73%	5	4.18%	4	3.87%	3
Idaho	3.67%	3	1.74%	17	4.19%	3	1.55%	32
Utah	3.49%	4	2.29%	9	4.73%	2	2.77%	10
Texas	3.06%	5	2.70%	6	2.53%	14	1.95%	24
New Mexico	3.04%	6	2.21%	11	3.02%	8	2.23%	19
Washington	2.78%	7	2.44%	8	1.99%	26	2.91%	8
Kentucky	2.65%	8	1.12%	30	2.15%	21	1.97%	22
South Dakota	2.54%	9	0.75%	36	3.21%	6	1.95%	23
Arkansas	2.48%	10	1.30%	24	2.73%	11	2.21%	20
Colorado	2.43%	11	1.41%	22	3.75%	5	1.97%	21
North Carolina	2.37%	12	1.86%	14	2.21%	19	2.74%	11
Tennessee	2.25%	13	1.81%	16	2.44%	15	2.30%	18
Minnesota	2.25%	14	1.22%	27	2.26%	17	1.85%	26
Oregon	2.22%	15	0.95%	31	2.83%	9	1.79%	27
Missouri	2.20%	16	0.92%	33	1.50%	34	1.76%	28
Wisconsin	2.07%	17	0.65%	39	2.14%	22	1.69%	31
Louisiana	2.06%	18	0.82%	34	2.19%	20	0.07%	48
North Dakota	1.97%	19	0.74%	37	2.53%	13	0.81%	45
Florida	1.95%	20	3.15%	2	2.32%	16	4.18%	2
Kansas	1.95%	21	1.42%	21	2.03%	24	1.43%	35
South Carolina	1.91%	22	1.97%	12	1.37%	35	2.66%	13
Delaware	1.90%	23	0.57%	41	1.35%	37	2.98%	7
Montana	1.81%	24	0.16%	45	3.19%	7	0.59%	46
Georgia	1.74%	25	2.22%	10	2.79%	10	3.31%	5
New Hampshire	1.70%	26	2.50%	7	1.63%	32	2.80%	9
Hawaii	1.63%	27	1.94%	13	0.03%	46	2.72%	12
Alabama	1.60%	28	1.21%	28	1.84%	27	1.89%	25
Mississippi	1.50%	29	0.66%	38	2.56%	12	1.22%	39
Connecticut	1.40%	30	1.22%	26	-0.42%	49	1.30%	37
Illinois	1.38%	31	0.18%	44	1.19%	39	0.87%	43
Virginia	1.30%	32	1.23%	25	1.30%	38	2.99%	6
Nebraska	1.30%	33	0.93%	32	2.25%	18	1.52%	33
West Virginia	1.29%	34	-0.54%	49	1.73%	30	-0.25%	49
Oklahoma	1.28%	35	1.61%	19	2.09%	23	0.50%	47
Wyoming	1.25%	36	3.03%	4	1.84%	28	-0.57%	50
Alaska	1.09%	37	3.47%	1	1.68%	31	3.46%	4
Indiana	1.06%	38	1.13%	29	1.84%	29	1.71%	30
Ohio	1.04%	39	0.45%	42	1.36%	36	1.12%	41
Iowa	1.03%	40	0.63%	40	1.99%	25	1.00%	42
California	1.00%	41	1.82%	15	0.36%	42	2.41%	16
Pennsylvania	0.93%	42	-0.43%	48	0.44%	41	0.84%	44
Vermont	0.91%	43	1.50%	20	1.09%	40	2.55%	14
Maine	0.73%	44	1.64%	18	0.16%	45	2.49%	15
Maryland	0.63%	45	-0.58%	50	0.26%	44	2.41%	17
Michigan	0.42%	46	0.05%	46	1.52%	33	1.43%	34
Massachusetts	0.28%	47	-0.39%	47	0.29%	43	1.18%	40
New Jersey	0.21%	48	0.78%	35	0.02%	47	1.74%	29
Rhode Island	-0.20%	49	0.30%	43	-0.35%	48	1.25%	38
New York	-0.88%	50	1.30%	23	-0.61%	50	1.31%	36

Source: Samuel Ehrenhalt, "The New Geography of Government Jobs: Hiring in State and Local Government Shifts to South and West, and to Medium and Small States," Center for the Study of the States, Albany, N.Y., Government Employment Report no. 2, December 1997

**Table 6**  
**America's Tax-Cutting Governors**

Governor	State	Tax Cut
Jane Hull	Arizona	\$120 million business tax cut
Mike Huckabee	Arkansas	\$80 million income tax cut
John Rowland	Connecticut	10 percent income tax cut
Tom Carper	Delaware	17 percent reduction in top income tax rate
Zell Miller*	Georgia	Cut income tax & phased out sales tax on food
Benjamin Cayetano	Hawaii	18 percent reduction in top income tax rate
Philip Batt*	Idaho	\$40 million property tax cut
Terry Branstad*	Iowa	10 percent income tax rate cut
Bill Graves	Kansas	Property & income tax cuts
Parris Glendening	Maryland	10 percent income tax cut
Paul Cellucci	Massachusetts	\$1 billion income tax cut
John Engler	Michigan	24 tax cuts, including 10 percent income tax cut
Arne Carlson*	Minnesota	20 percent property tax cut
Kirk Fordice	Mississippi	Capital gains & income tax cuts
Ben Nelson*	Nebraska	Income tax rate cuts
Christine Whitman	New Jersey	30 percent income tax rate cut
Gary Johnson	New Mexico	Income tax rate cut & gas tax cut
George Pataki	New York	20 percent income tax rate cut
James Hunt	North Carolina	Cuts in income tax & sales tax on food
Frank Keating	Oklahoma	Income tax rate cut
Tom Ridge	Pennsylvania	\$2 billion income tax cuts
Lincoln Almond	Rhode Island	10 percent income tax rate cut
David Beasley*	South Carolina	Phaseout of car tax
William Janklow	South Dakota	25 percent property tax cut
Don Sundquist	Tennessee	Blocked income tax
George W. Bush	Texas	\$1 billion property tax cut
Michael Leavitt	Utah	Property & sales tax cuts
Howard Dean	Vermont	Income tax cut
Jim Gilmore	Virginia	Phaseout of car tax
Tommy Thompson	Wisconsin	15 percent income tax rate cut

\*Left office in 1999.

**By fiscal year 1997, real per capita state revenues had reached a high of \$3,884.**

erty taxes. George W. Bush of Texas enacted a \$1 billion property tax cut in 1997. Table 6 shows the tax cuts enacted by the governors in recent years.

Despite the accolades that governors have received for their tax-cutting campaigns, our analysis suggests that, in most cases, recent tax cuts have not offset the legislated tax increases of the early 1990s. Table 7 shows that there

are 11 states that have higher personal income tax rates today than they did at the start of the decade. There are eight more states that have higher statutory corporate tax rates.

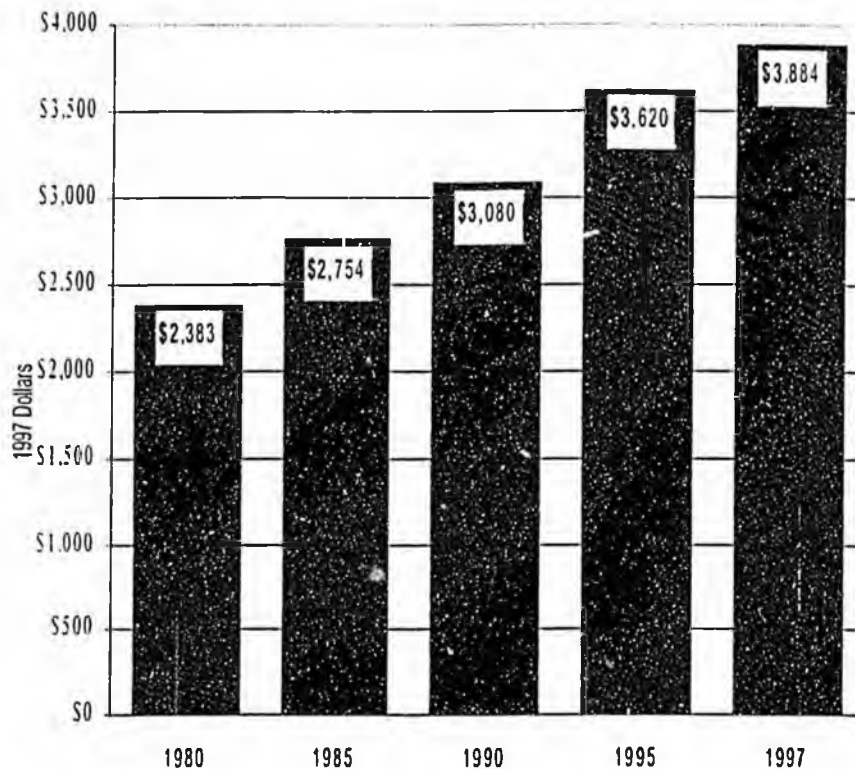
California's fiscal situation in the 1990s is illustrative. In 1991 Gov. Pete Wilson enacted a \$7 billion increase in income and sales taxes—the largest tax increase of any state in the nation ever. But in the mid and late 1990s

Table 7  
State Top Income Tax Rates, 1990 vs. Today

State	Personal Income Tax			Corporate Income Tax		
	1990	Today	%change	1990	Today	%change
Alabama	5	5	0%	5	5	0%
Alaska	0	0	0%	9.4	9.4	0%
Arizona	7	5.17	-26.1%	9.3	9	-3.2%
Arkansas	7	7	0%	6	6.5	+8.3%
California	9.3	9.3	0%	9.3	8.84	-4.9%
Colorado	5	5	0%	5.5	5	-9.1%
Connecticut	0	4.5	New Tax	11.5	3.5	-26.1%
Delaware	7.7	6.4	-16.9%	3.7	8.7	0%
D.C.	9.5	9.5	0%	10	9.975	-0.3%
Florida	0	0	0%	5.5	5.5	0%
Georgia	6	6	0%	6	6	0%
Hawaii	10	8.75	0%	6.4	6.4	0%
Idaho	8.2	8.2	0%	8	8	0%
Illinois	3	3	0%	7.3	7.3	0%
Indiana	3.4	3.4	0%	7.9	7.9	0%
Iowa	9.98	8.98	-10.0%	12	12	0%
Kansas	5.95	6.45	+8.4%	6.75	7.35	+8.9%
Kentucky	6	6	0%	8	8.25	+3.1%
Louisiana	6	6	0%	8	8	0%
Maine	8.5	8.5	0%	8.93	8.93	0%
Maryland	5	4.85	-3.0%	7	7	0%
Massachusetts	5.95	5.95	0%	9.5	9.5	0%
Michigan	4.6	4.4	-4.3%	2.35	2.3	-2.1%
Minnesota	8	8.5	+6.3%	9.8	9.8	0%
Mississippi	5	5	0%	5	5	0%
Missouri	6	6	0%	5	6.25	+25.0%
Montana	11	11	0%	6.75	6.75	0%
Nebraska	6.41	6.68	+4.2%	7.24	7.81	+7.9%
Nevada	0	0	0%	0	0	0%
New Hampshire	0	0	0%	8	7	-12.5%
New Jersey	3.5	6.37	+82.0%	9	9	0%
New Mexico	8.5	8.2	-3.5%	7.6	7.6	0%
New York	7.875	6.85	-13.0%	9	9	0%
North Carolina	7	7.75	+10.7%	7	7	0%
North Dakota	3.92	5.544	+41.4%	10.5	10.5	0%
Ohio	6.9	7.201	+4.4%	8.9	8.5	-4.5%
Oklahoma	7	6.75	-3.6%	6	6	0%
Oregon	9	9	0%	6.6	6.6	0%
Pennsylvania	2.1	2.8	+33.3%	8.5	9.99	+17.5%
Rhode Island	6.4288	10.494	+63.2%	9	9	0%
South Carolina	7	7	0%	5	5	0%
South Dakota	0	0	0%	0	0	0%
Tennessee	0	0	0%	6	6	0%
Texas	0	0	0%	0	0	0%
Utah	7.2	7	-2.8%	5	5	0%
Vermont	7.84	9.9	+26.3%	8.25	9.75	+18.2%
Virginia	5.75	5.75	0%	6	6	0%
Washington	0	0	0%	0	0	0%
West Virginia	6.5	6.5	0%	9.375	9	-4.0%
Wisconsin	6.93	6.77	-2.3%	7.9	7.9	0%
Wyoming	0	0	0%	0	0	0%

**Because state income tax codes have a graduated rate structure, unless state lawmakers are continually cutting taxes, tax burdens will automatically rise.**

**Figure 7**  
**Per Capita State Revenues, 1980-97**



California has cut taxes under Wilson. Yet, as the *Los Angeles Times* reported, "Wilson the tax cutter has not come close to matching Wilson the tax raiser. Tax increases at the start of Wilson's administration in 1991 hover at \$3.6 billion a year above recent cuts."<sup>11</sup> The overall tax burden is far higher now than in 1990. Even in Arizona, a state that led the nation in income tax cuts in the 1990s under former governor Fife Symington, tax revenues have outpaced population growth and inflation.

Figure 7 shows that by fiscal year 1997, real per capita state revenues had reached a high of \$3,884. That represents an increase of 26.1 percent since 1990, a growth rate of 3.4 percent per year compared to the lower 1980s growth rate of 2.6 percent per year. This revenue tide is mainly attributable to strong national economic growth. In recent years as the economy has picked up steam, revenue growth has accelerated. In fiscal year 1996 state tax revenues increased by 5.4 percent over the prior year; in FY97 they rose by 6.2

percent; and in FY98 they rose by 7.4 percent.<sup>12</sup>

Because state income tax codes have a graduated rate structure, meaning that revenues rise faster than income growth, unless state lawmakers are continually cutting taxes, tax burdens will automatically rise. That has indeed been the case over the last two years, as personal income has lagged behind revenue, growing only about 5 percent per year over that period. Population has grown by 1 percent per year over that period.

#### **The States' \$75 Billion Revenue Bonanza**

A reasonable benchmark for state tax revenue collections is the growth of a state's population plus inflation. In fact, several states cap spending or taxes, or both, at that level.

In this section we estimate the size of excess tax collections by states by measuring how much states' actual revenue intake has exceeded inflation plus population growth over the course of the current economic

**Table 8**  
**\$75 Billion Revenue Windfall in 1998 (tax revenue figures in millions of dollars)**

State	Actual	Actual	Actual	1992-98		1992-98	Est. 1998	1998		Rank
	Tax	Tax		Population	CPI-U	Population	Revenue with	1993	per Capita	
	Revenue	Revenue	1992-93	Population	Growth	Growth	Pop. Growth +	Revenue	Revenue	
	1992	1998	Increase	Growth	Growth	+ Inflation	Inflation Cap	Windfall	Windfall	
U.S. Total	\$327,822	\$476,250	45.3%	6.0%	16.3%	22.3%	\$401,004	\$75,246	\$278	
Michigan	\$11,279	\$21,263	88.5%	3.7%	16.3%	20.0%	\$13,540	\$7,723	\$787	1
New Mexico	\$2,238	\$3,971	77.5%	9.9%	16.3%	26.2%	\$2,824	\$1,148	\$661	2
Minnesota	\$7,450	\$11,797	58.4%	5.7%	16.3%	22.0%	\$9,088	\$2,708	\$573	3
Connecticut	\$6,059	\$8,804	45.3%	0.1%	16.3%	16.4%	\$7,051	\$1,752	\$535	4
Wisconsin	\$6,911	\$11,056	60.0%	4.4%	16.3%	20.7%	\$8,341	\$2,715	\$520	5
Kansas	\$2,802	\$4,667	66.6%	4.4%	16.3%	20.7%	\$3,383	\$1,285	\$489	6
Mississippi	\$2,494	\$4,282	71.7%	5.4%	16.3%	21.8%	\$3,037	\$1,245	\$452	7
Massachusetts	\$9,903	\$14,497	46.4%	2.6%	16.3%	18.9%	\$11,776	\$2,721	\$443	8
Delaware	\$1,340	\$1,972	47.2%	7.8%	16.3%	24.1%	\$1,662	\$310	\$417	9
Missouri	\$5,131	\$8,250	60.8%	4.7%	16.3%	21.0%	\$6,211	\$2,038	\$375	10
North Dakota	\$755	\$1,113	47.5%	0.4%	16.3%	16.8%	\$881	\$232	\$364	11
California	\$46,128	\$68,237	47.9%	5.9%	16.3%	22.2%	\$56,367	\$11,871	\$363	12
Rhode Island	\$1,276	\$1,826	43.1%	-1.2%	16.3%	15.1%	\$1,470	\$357	\$361	13
Colorado	\$3,533	\$5,992	69.6%	14.7%	16.3%	31.1%	\$4,631	\$1,361	\$343	14
Indiana	\$6,476	\$9,740	50.4%	4.5%	16.3%	20.8%	\$7,822	\$1,918	\$325	15
Ohio	\$12,115	\$17,961	48.3%	1.9%	16.3%	18.2%	\$14,320	\$3,641	\$325	16
Illinois	\$13,463	\$19,929	48.0%	3.6%	16.3%	19.9%	\$16,142	\$3,787	\$314	17
North Carolina	\$9,010	\$13,792	53.1%	10.4%	16.3%	26.8%	\$11,421	\$2,370	\$314	18
Utah	\$1,988	\$3,279	64.9%	15.4%	16.3%	31.8%	\$2,619	\$659	\$314	19
Virginia	\$7,025	\$10,626	51.2%	6.4%	16.3%	22.7%	\$8,620	\$2,006	\$295	20
Georgia	\$7,267	\$11,590	59.5%	13.0%	16.3%	29.4%	\$9,401	\$2,188	\$286	21
Florida	\$14,412	\$22,385	55.3%	10.5%	16.3%	26.8%	\$18,273	\$4,112	\$276	22
Nevada	\$1,817	\$3,152	73.5%	31.1%	16.3%	47.4%	\$2,679	\$473	\$271	23
Kentucky	\$5,081	\$7,214	42.0%	4.7%	16.3%	21.1%	\$6,151	\$1,063	\$270	24
Arkansas	\$2,748	\$4,017	46.2%	6.0%	16.3%	22.3%	\$3,362	\$654	\$258	25
Tennessee	\$4,526	\$6,991	54.5%	8.3%	16.3%	24.7%	\$5,642	\$1,349	\$248	26
Maryland	\$6,502	\$9,127	40.4%	4.7%	16.3%	21.1%	\$7,872	\$1,256	\$245	27
Nebraska	\$1,890	\$2,670	41.3%	3.8%	16.3%	20.1%	\$2,269	\$400	\$241	28
Montana	\$951	\$1,383	45.4%	7.0%	16.3%	23.4%	\$1,173	\$210	\$238	29
Oregon	\$3,313	\$4,950	49.4%	10.4%	16.3%	26.7%	\$4,197	\$753	\$229	30
Iowa	\$3,602	\$4,902	36.1%	2.0%	16.3%	18.3%	\$4,261	\$642	\$224	31
South Carolina	\$3,936	\$5,669	44.1%	6.6%	16.3%	22.9%	\$4,837	\$833	\$217	32
Idaho	\$1,391	\$2,091	50.4%	15.3%	16.3%	31.6%	\$1,830	\$261	\$212	33
Washington	\$8,468	\$11,914	40.7%	10.6%	16.3%	27.0%	\$10,750	\$1,164	\$205	34
Oklahoma	\$3,874	\$5,361	38.4%	4.4%	16.3%	20.8%	\$4,679	\$682	\$204	35
Louisiana	\$4,250	\$5,857	37.8%	2.3%	16.3%	18.6%	\$5,041	\$816	\$187	36
South Dakota	\$565	\$810	43.3%	3.2%	16.3%	19.6%	\$676	\$134	\$182	37
Vermont	\$763	\$1,014	32.9%	3.7%	16.3%	20.0%	\$916	\$98.2	\$166	38
Maine	\$1,664	\$2,146	29.0%	0.8%	16.3%	17.1%	\$1,949	\$197	\$158	39
Texas	\$17,031	\$24,664	44.8%	11.9%	16.3%	28.2%	\$21,833	\$2,831	\$143	40
West Virginia	\$2,352	\$3,000	27.6%	0.3%	16.3%	16.6%	\$2,743	\$257	\$142	41
Alabama	\$4,218	\$5,742	36.1%	5.2%	16.3%	21.5%	\$5,125	\$617	\$142	42
Arizona	\$4,827	\$7,176	48.7%	20.7%	16.3%	37.0%	\$6,615	\$562	\$120	43
Pennsylvania	\$16,270	\$20,310	24.8%	0.2%	16.3%	16.5%	\$18,953	\$1,358	\$113	44
New York	\$30,110	\$37,059	23.1%	0.5%	16.3%	16.9%	\$35,185	\$1,873	\$103	45
New Jersey	\$12,803	\$15,555	21.5%	3.7%	16.3%	20.0%	\$15,365	\$190	\$23	46
New Hampshire	\$856	\$1,026	19.8%	6.4%	16.3%	22.7%	\$1,051	-\$25	-\$21	47
Hawaii	\$2,710	\$3,174	17.1%	3.6%	16.3%	19.9%	\$3,250	-\$76	-\$63	48
Wyoming	\$646	\$704	8.9%	3.8%	16.3%	20.1%	\$776	-\$72	-\$150	49
Alaska	\$1,603	\$1,157	-27.8%	4.7%	16.3%	21.0%	\$1,939	-\$782	-\$1,273	50

Sources: Cato Institute; Bureau of the Census; and Center for the Study of the States.

**If every state had strictly adhered to a revenue cap from 1992 through 1998, taxpayers would have saved a combined total of \$75 billion.**

expansion that began in early 1992. The answer is provided in Figure 4. If every state had strictly adhered to such a revenue cap from 1992 through 1998, taxpayers would have saved a combined total of \$75 billion, or \$278 per capita, in 1998 alone. In other words, even if states had passed \$75 billion in tax cuts in 1998, their revenues still would have grown by about 22 percent, or 3.4 percent per year—the level of inflation and population growth. Instead, state tax collections climbed by 45 percent (6.4 percent per year).

As Table 8 shows, the size of the revenue windfall varies substantially from state to state. Taxpayers in five states would have saved more than \$500 per capita in 1998: Michigan (\$787), New Mexico (\$661), Minnesota (\$573), Connecticut (\$535), and Wisconsin (\$520). There were only four states

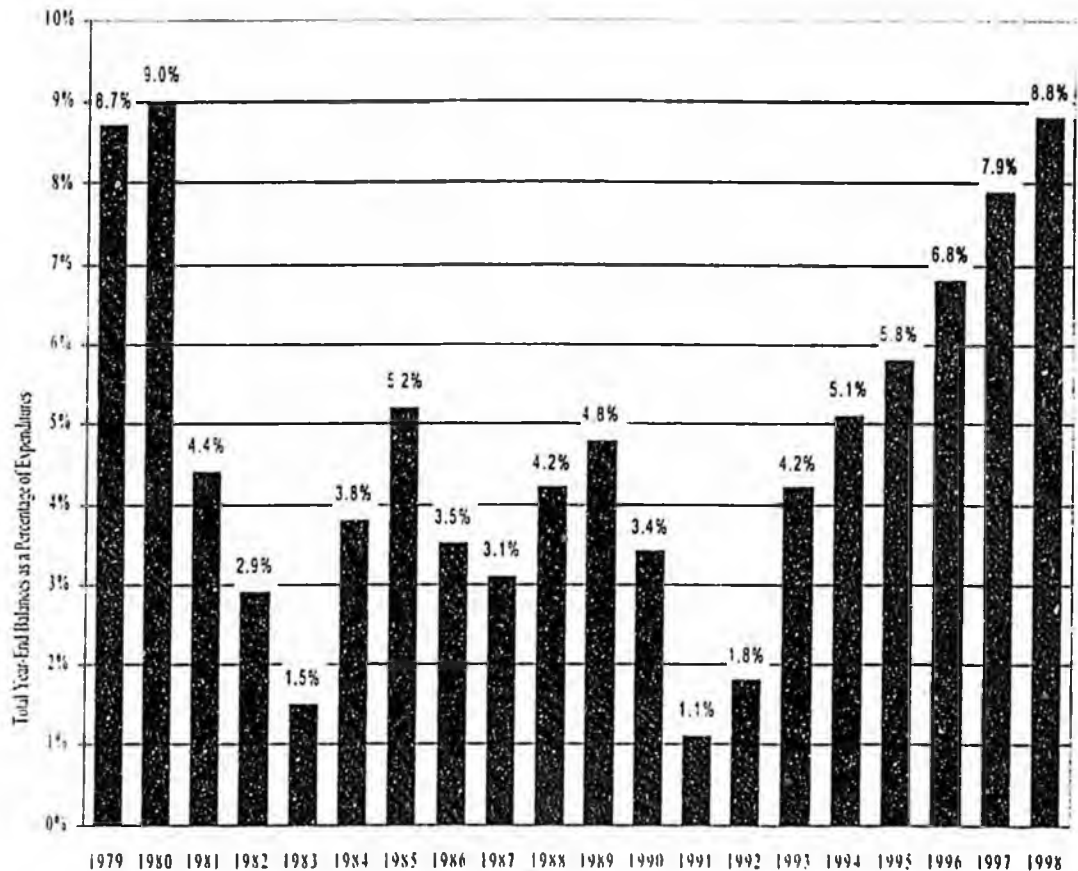
where tax revenues grew more slowly than population and inflation from 1992 to 1998: Alaska, Wyoming, Hawaii, and New Hampshire.<sup>16</sup>

## Whatever Happened to the Taxpayers' Surplus?

One of the most contentious issues in state capitals today is what to do with the huge revenue surpluses. As Figure 8 shows, year-end balances in the states are at their highest levels in nearly two decades. The states closed their books on FY98 with a combined surplus of \$36 billion, or 9 percent of expenditures.<sup>17</sup>

Many budget experts believe that those reserves are larger than is fiscally necessary.

**Figure 8**  
State Budget Surpluses, 1979–98



Source: National Governors' Association and National Association of State Budget Officers, *The Fiscal Survey of the States*, December 1998 and previous editions.

1998 and previous editions.

**Table 9**  
**21 States with 1998 Reserves of 10%**  
**or More**

State	Balance as Percentage of Expenditures
Alaska	142.3%
Nebraska	29.2%
Delaware	28.4%
Indiana	23.0%
Minnesota	21.5%
Iowa	20.4%
Kansas	19.7%
Colorado	17.4%
Nevada	15.7%
Arizona	15.5%
Oregon	15.2%
Maryland	13.3%
North Dakota	13.3%
Mississippi	13.1%
Michigan	12.9%
Wyoming	12.6%
Texas	11.5%
Oklahoma	11.2%
South Carolina	10.5%
Maine	10.0%
Rhode Island	10.0%

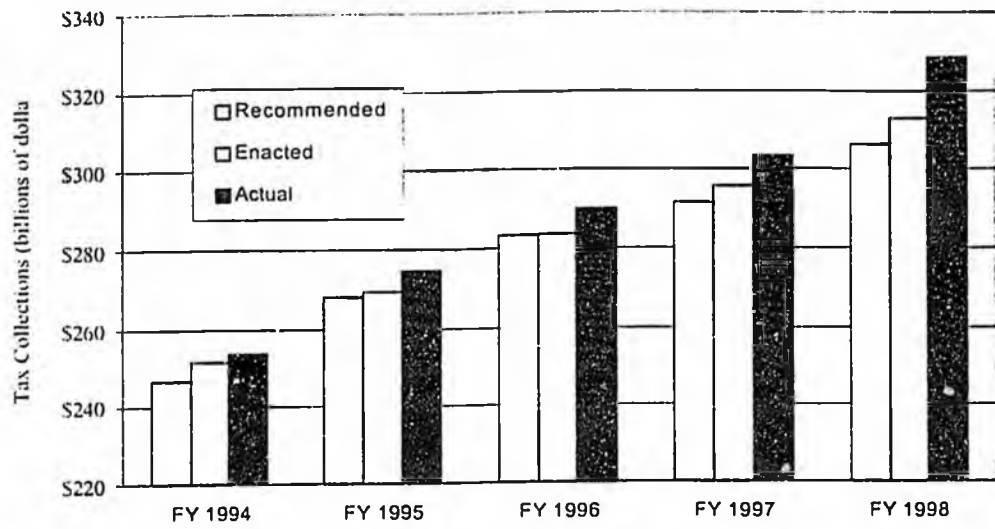
While financial analysts do take state reserves into account when assigning state bond ratings, most recommend a reserve in the range of 3 percent to 5 percent.<sup>18</sup> Forty states had reserves larger than 5 percent in FY98, and 21 of those had reserves that were 10 percent or larger (Table 9).<sup>19</sup> Greater-than-expected revenues are the cause of the large accumulating surpluses. Over the past four years, state tax collections—from sales, personal income, and corporate income taxes, the three main sources of state revenue—have exceeded expectations by a total of \$30 billion.<sup>20</sup> Figure 9 illustrates that, in each of the last five fiscal years, projected state tax collections have steadily risen over the course of the budget cycle. The aggregate revenue surplus over revenues recommended in the governors'

budgets came to \$54.4 billion. Those rising revenues have coincided with rising spending increases (Figure 10). That is, as revenue poured in faster than expected, spending increased right along with it. The aggregate excess spending over levels recommended by the governors was \$63.7 billion from 1994 to 1998.

Take FY98, for example. In early 1997 when governors put forth their recommended budgets for FY98, they projected that tax collections would come in at \$306 billion, and they proposed increasing spending by 3.6 percent. Later in 1997, when FY98 budgets were enacted by the state legislatures, tax collection estimates had risen to \$317 billion. Those enacted budgets called for an increase in spending of 5.5 percent. The final numbers for FY98

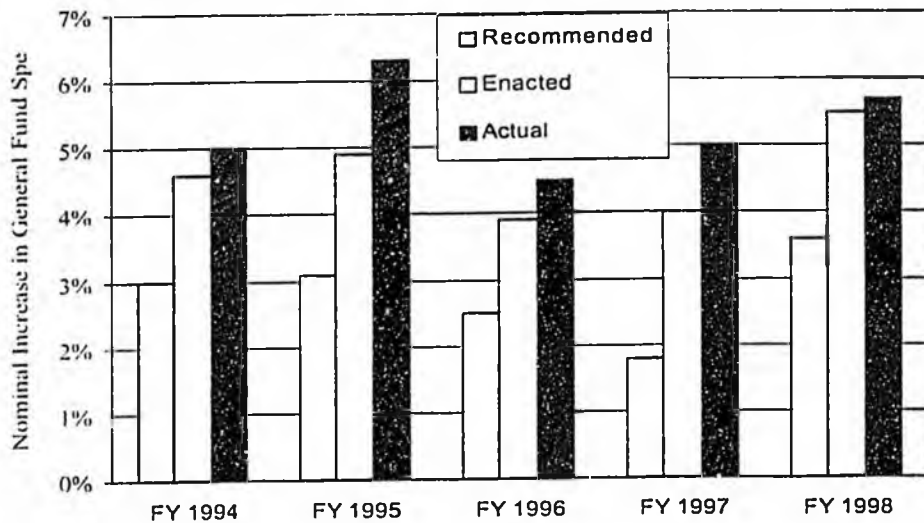
**As revenue poured in faster than expected, spending increased right along with it.**

**Figure 9**  
Increasing Tax Collections



Source: National Governors' Association and National Association of State Budget Officers, *The Fiscal Survey*

**Figure 10**  
Increasing Spending Hikes



Source: National Governors' Association and National Association of State Budget Officers, *The Fiscal Survey of the States*, May 1998 and previous editions.

reported by the states indicated that tax collections came in at \$328 billion, a \$22 billion windfall over and above the original estimate of \$306 billion. Furthermore, although the governors had originally called for only a 3.6 percent increase in spending in FY98, when all was said and done, spending rose by 5.7 percent.

As a result, instead of increasing spending by \$13.8 billion in FY98, as the governors had originally proposed, the states increased spending by \$22.1 billion. That amounts to more than \$8 billion in unexpected spending hikes in a single year. In addition, by allowing their budget reserves to rise well above the recommended level of 3 to 5 percent of expenditures, state governments held onto another \$16 billion of taxpayer funds. So, while many state legislators argue that tax cuts are "unaffordable," last year they collected about \$25 billion of unexpected tax receipts—more than \$350 per family of four—that could have been used to provide additional tax relief, but were not.

### **Why State Budgets Should Be Falling, Not Rising**

State lawmakers allege that their budgets are rising because they are facing increased demands to spend in the 1990s. For example, state policymakers typically argue that with the renewed emphasis on states' rights and federalism under the Republican Congress, the federal government is devolving more spending responsibilities to the states—for example, in the areas of welfare and criminal justice—without a commensurate increase in resources.

The truth is, however, that federal spending on grants to states and localities has been growing, not falling. Federal grants to state and local governments did decline in the 1980s, from \$155.7 billion in 1980 to \$144.7 billion in 1990 after adjusting for inflation—a reduction of 7.1 percent. But as Figure 11 indicates, the largest reductions occurred in the first two years of the Reagan administration, 1981 and 1982. Real federal aid remained level throughout the mid-1980s and has surged since 1987. From 1990 to 1998, federal aid rose by

almost half in real terms, from \$144.7 billion to \$215.9 billion.<sup>1</sup> So real federal aid is about 40 percent higher now than it was in 1980.

It is not even clear that federal aid is an unmixed blessing for states as they attempt to balance their budgets. Federal dollars almost always come with costly strings attached. The federal government collects those dollars from taxpayers all over the country, skims some off the top for administrative and other costs, and then sends the remainder to the 50 states with numerous one-size-fits-all restrictions on how the money can be spent. Invariably, that creates enormous winners and losers among the states, often attributable primarily to the political seniority of each state's congressional representatives. In fact, in Mississippi and West Virginia, homes of influential Sens. Trent Lott and Robert Byrd, the federal government spends more than \$1.50 for every dollar of federal taxes paid by residents.<sup>4</sup> In contrast, federal spending in Connecticut and New Jersey amount to only about 70 cents for every dollar of federal taxes paid by the residents.

It is true that there are certain high-priority areas of state budgets for which the public is demanding more funding. One of those areas is law enforcement. As the public continues to adopt a "lock 'em up" attitude toward criminals, state spending on prisons, police, and the courts has more than roughly doubled.

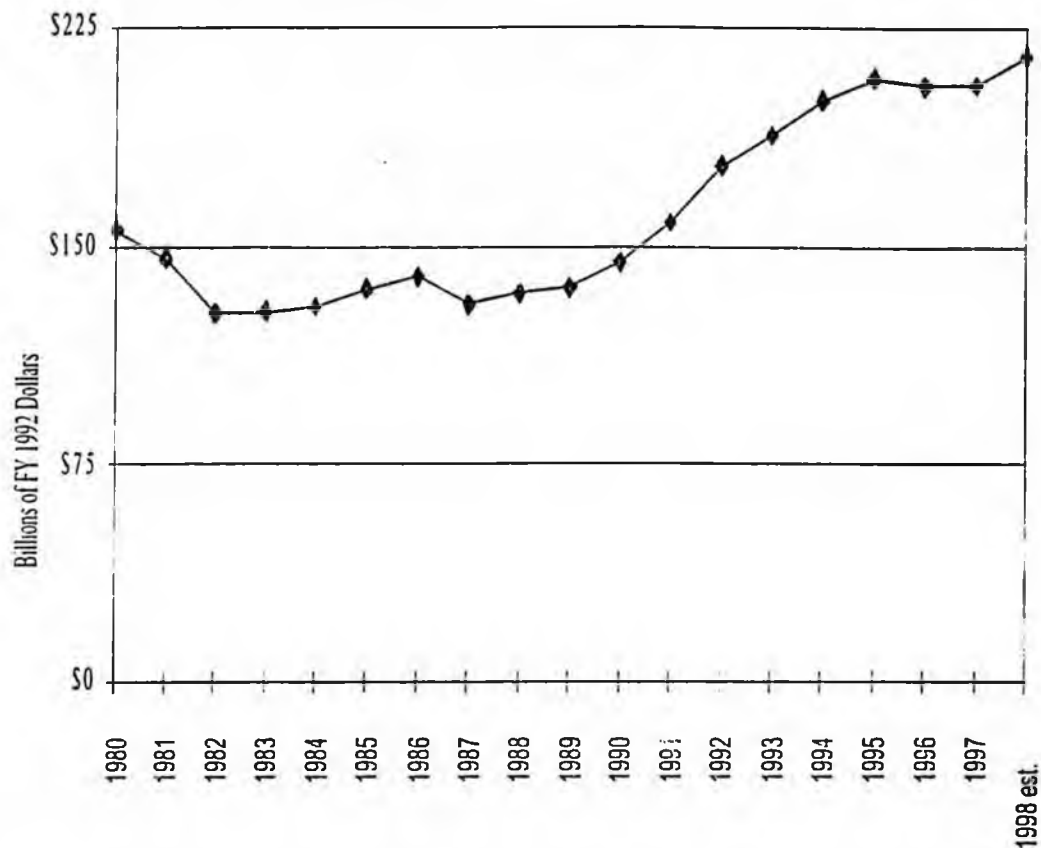
Yet there is a series of factors that have generated substantial budgetary savings for states in the 1990s and should be contributing to shrinking state budgets. Most of those factors are related to the robust U.S. economy.

The first factor is declining interest rates. States are large net borrowers. They borrow to fund highways, school construction, prisons, and other capital spending. In 1997 state governments spent \$26.3 billion on interest payments. But long-term interest rates over the past six years have fallen by more than 200 basis points. Therefore, as Table 1 indicated, after doubling in the 1980s from \$13.2 billion to \$26.5 billion, interest payments on state debt (in real terms) have actually declined slightly in the 1990s. Hence, debt service has cost states less in recent years.

**From 1990 to 1998, federal aid rose by almost half in real terms, from \$144.7 billion to \$215.9 billion.**

**Welfare rolls  
have fallen  
by 42 percent  
nationwide  
since 1994.**

**Figure 11**  
**Real Federal Grants to State and Local Governments, 1980-98**



Source: *Budget of the U.S. Government—Historical Tables, FY 1999, Table 12.1, pp.203-4.*

The second factor has been the impact of a strong economy and welfare reform legislation on welfare caseloads. Welfare reform has been an astonishing success story in the states and at the national level. Following the lead of the states, the federal government in 1996 adopted work requirements, time limits, and new eligibility restrictions for welfare benefits. The result has been that welfare rolls have fallen by 42 percent nationwide since 1994.<sup>21</sup> In that year there were 14.4 million Americans on welfare; by the end of 1998 the number had dipped to 8.4 million.<sup>21</sup> Since welfare is the second largest item in state budgets, reduced welfare payments have saved billions of dollars.<sup>22</sup> Unfortunately, states have misallocated much of those savings to new areas of spending, such as day care and job training, where governmental programs are of dubious efficacy.

A third factor that should be restraining state expenditures has been the dramatic slowdown in health care cost increases in recent years. As the private sector has moved to greater reliance on patient cost sharing, managed care, and competition, the inflation rate for health care in the United States has fallen from 9 to about 3 percent since 1990. This too has generated an unexpected fiscal benefit for states, because aside from the federal government, the states are the largest purchasers of health care services. If medical inflation were as high today as it was in 1990, states would be spending \$5 billion to \$10 billion more per year on Medicaid and other health and hospital services.

A final economic factor benefiting the states has been the steady decline in unemployment. Each year states spend about \$20

billion on unemployment benefits.<sup>46</sup> Today the unemployment rate is at its lowest level in 20 years, and the problem in many states is not a shortage of jobs but a shortage of workers. The increase in the number of workers paying into unemployment compensation systems and the decline in the number of unemployed drawing benefits have created huge and in some cases unprecedented surpluses in state unemployment insurance trust funds.

When those four factors are taken together, it would be reasonable to expect that state spending would be flat or even declining slightly—even without a long-overdue reconsideration of the scope of state government. Instead, the budgetary savings have simply helped finance an explosion of expenditures in other areas of state budgets.

## The Economic Case for State Tax Cuts

There is increasing evidence that their tax and budget policies can have a significant impact on the relative economic performance of states. Studies have consistently shown that states with high and rising tax burdens are more likely to suffer economic decline, while those with lower and falling tax burdens are more likely to enjoy robust economic growth.<sup>47</sup> For example, a 1996 study by the Federal Reserve Board of Atlanta examined state economic performance from 1960 to 1992 and found that "tax rates [average and marginal] are negatively related to growth and are sufficiently variable over time to reasonably explain variations in growth rates."<sup>48</sup>

A study by the Joint Economic Committee of Congress examined the economic growth records of the 10 states that had raised taxes the most in fiscal years 1990 through 1993 and the 10 states that had cut taxes the most during that same period. The top 10 tax-hiking states experienced a net gain of only 3,000 new jobs, an increase in the unemployment rate of 2.2 percentage points, and a \$484 real decline in personal income per family of four.<sup>49</sup> In contrast, the top 10 tax-cutting states saw 653,000 net new jobs, an increase in the unem-

ployment rate of only 0.6 percentage points, and a \$300 real increase in personal income per family of four.

The contrast was even greater when only income tax changes were considered. The top 10 income-tax-hiking states experienced the net loss of 182,000 jobs, a 2.3 percentage point increase in the unemployment rate, and a \$613 real decline in personal income per family of four. The top 10 income-tax-cutting states saw 975,000 net new jobs, an increase in the unemployment rate of only 0.3 percentage points, and a \$148 real increase in personal income per family of four. Other studies have found similar correlations between high taxes and slow economic growth.

We have updated the 1993 Joint Economic Committee analysis using Census Bureau data through 1997. We find that the negative relationship between taxes and growth at the state level is still as pronounced as ever. Table 10 shows our findings. The 10 states with the highest per capita state tax burdens in 1990 experienced economic growth that was at most half the rate of that of the 10 states with the lowest per capita state tax burdens.

- Population growth was 10.5 percent in the lowest tax states vs. only 5.5 percent in the highest tax states.
- Real personal income grew by 23.7 percent in the lowest tax states but by only 9.9 percent in the highest tax states.
- Job growth was 14.9 percent in the lowest tax states, compared to only 3.9 percent in the highest tax states.

### Is Cutting State Taxes Fiscally Irresponsible?

In recent years proposals to reduce or even cap state taxes have been resisted for two reasons. First, opponents maintain that state tax cuts will deplete state treasuries of funds needed to pay the bills and keep the budget in balance. Second, opponents claim that the highest priority for any unexpected tax revenues should be to fix the schools, rather than to cut taxes. This section examines the validity of each of those claims.

The first issue is whether tax reductions

**States with high and rising tax burdens are more likely to suffer economic decline, while those with lower and falling tax burdens are more likely to enjoy robust economic growth.**

**Table 10**  
**1990s Economic Growth in 10 Highest Tax States and 10 Lowest Tax States**

State	1990		Population		Real Personal Income		Employment	
	per Capita State Tax Revenue (1997 \$) Rank	U.S. Rank	U.S. Growth 1990-97 Rank	U.S. Growth 1990-97 Rank	U.S. Growth 1990-97 Rank	U.S. Growth 1990-97 Rank	U.S. Growth 1990-97 Rank	
U.S. Total	\$1,446		7.3%		16.5%		9.1%	
<i>High-Tax States</i>								
Alaska	\$3,435	1	10.2%	13	6.1%	47	15.8%	12
Hawaii	\$2,578	2	6.7%	23	3.6%	50	3.8%	43
Delaware	\$2,074	3	9.3%	16	17.3%	21	7.0%	35
Connecticut	\$1,968	4	-0.6%	49	10.0%	40	-6.0%	50
New York	\$1,953	5	0.8%	47	7.5%	46	-1.6%	49
Massachusetts	\$1,913	6	1.7%	43	11.2%	36	3.2%	46
Minnesota	\$1,910	7	6.8%	21	18.1%	17	11.9%	20
Washington	\$1,861	8	14.5%	7	25.5%	10	18.0%	7
California	\$1,782	9	7.8%	18	7.7%	45	4.5%	42
Wyoming	\$1,657	10	5.8%	28	13.4%	34	6.7%	37
High-Tax States Total			5.5%		9.9%		3.9%	
<i>Low-Tax States</i>								
New Hampshire	\$658	50	5.5%	30	15.2%	29	5.6%	40
South Dakota	\$882	49	5.9%	26	17.9%	18	14.1%	14
Texas	\$1,061	48	14.0%	8	27.0%	8	15.8%	11
Tennessee	\$1,066	47	9.8%	15	24.6%	11	13.3%	16
Colorado	\$1,141	46	17.8%	5	34.3%	3	24.6%	4
Mississippi	\$1,142	45	5.9%	25	22.8%	13	9.1%	30
Alabama	\$1,159	44	6.7%	22	18.2%	16	17.3%	8
Nebraska	\$1,176	43	4.8%	35	15.1%	30	10.9%	24
Arkansas	\$1,180	42	7.2%	20	21.9%	14	9.5%	29
Missouri	\$1,184	41	5.4%	33	15.4%	26	13.2%	17
Low-Tax States Total			10.5%		23.7%		14.9%	

**Revenue growth is often faster than anticipated in tax-cutting states and slower than anticipated in tax-raising states.**

lead to a subsequent deterioration in a state's fiscal condition. The evidence from the 1990s indicates that they do not. If tax cuts contribute to fiscal deterioration, then the bond ratings of states that cut taxes should be worse than those of states that raise them. A comparison of tax-raising and tax-cutting states in the early 1990s found that the average Moody's bond rating in 1995 of the tax-cutting states was between Aaa and Aa. The average Moody's bond rating of the tax-raising

states was between Aa and A1. Moreover, the tax-cutting states had much larger budget reserves (7.1 percent of state expenditures) than the tax-increasing states (1.7 percent).<sup>10</sup>

Because state tax cuts can stimulate economic development in a state, whereas state tax hikes can retard it, revenue growth is often faster than anticipated in tax-cutting states and slower than anticipated in tax-raising states. After California's record \$7 billion tax hike in 1991, actual revenue growth came in

below projections in each of the next three years. The same was true in New Jersey. New York is perhaps the most amazing story of all. Tax increases in the late 1980s produced anemic revenue growth for the state treasury. But revenues have been climbing so rapidly since Gov. George Pataki's tax cuts in 1995 that, according to the Empire Foundation, a New York taxpayer watchdog group, "Even when the final and deepest phase of New York's income cut was implemented [in 1997], the state's resurgent economy generated more income tax revenue under Gov. George Pataki than it ever did under former Gov. Mario Cuomo."<sup>11</sup>

An analysis by state budget analyst Michael Flynn of the American Legislative Exchange Council finds that the New York experience was not unique. Table 11 shows that in the 15 states that cut income taxes by at least \$75 million between 1995 and 1998, income tax revenues climbed by a robust 10 percent or more in every state except Michigan (where income tax revenues fell by 18 percent). In 8 of the 15 states income tax revenue growth was at or above the rate for all 50 states (29 percent).<sup>12</sup> Clearly, tax cuts can be an act of fiscal prudence and provide an economic stimulus for states.

The second objection to tax cuts is that money should be reserved for underfunded public schools. It is understandable that politicians are sensitive to this argument. Public opinion polls consistently show that education is a top priority in our society. But the reality is that school funding already has been rising dramatically for a very long time. In 1970 spending on the public schools was roughly \$3,400 per pupil (in today's dollars).<sup>13</sup> By 1997 per pupil expenditures had nearly doubled to \$6,600, even after adjusting for inflation. Smaller class sizes are the latest fad in public education. But class sizes have been steadily declining for the past quarter century. Since 1970 the number of pupils per teacher has declined by 23 percent, from 22.6 to 17.3.

There is no evidence that greater funding has led to better schools.<sup>14</sup> If more money were the answer to improving education,

then the highest spending states would have the finest education systems in the land, and the lowest spending states would be performing poorly. But state officials who believe that increased education funding is the key to better school performance may be interested to learn that in 1997 the 10 highest spending states spent twice as much as the 10 lowest spending states, but average SAT scores in the more frugal states were 16 percent higher than in the big-spending states.<sup>15</sup>

As does any monopoly, the government's educational monopoly tends to provide poor service for its customers and have inflated costs. Per pupil spending in our public school system is nearly double the average tuition at America's private schools.<sup>16</sup> That private tuition figure includes all of the nation's most expensive nonsectarian private schools, like Sidwell Friends where Washington's elite send their children. When those exclusive high-cost schools are omitted, the contrast between the cost of public and private schools is even greater. Public education spending per student is more than two and a half times the average tuition at Catholic schools, many of which are in the inner cities, and double the tuition at other religious schools.<sup>17</sup> For a fraction of the price, those schools provide a better education than do most government-run schools. They spend less because they have less bureaucracy, concentrate on the basics, impose discipline, and are held accountable for their performance by parents and students who are there by choice.

There is no debate that America's schools need to do a better job of educating our children if the nation is to remain internationally competitive in the next century. Spending more money on the public schools, however, has been tried in earnest for decades, and it has yielded at best mixed results. As education analysts John Chubb and Terry Moe of the Brookings Institution have noted:

As for money, the relationship between it and effective schools has been studied to death. The unani-

**Tax cuts can be an act of fiscal prudence and provide an economic stimulus for states.**

**Per capita savings on taxes would have been \$278 this year if every state had implemented a population plus inflation tax cap.**

**Table 11  
Revenue Growth in Tax-Cutting States (\$ millions)**

State	FY95-98 Personal Income Tax Cuts	FY95-98 Personal Income Tax Revenue Growth	
		Amount	Percentage
Arizona	-\$408	\$396	28%
California	-\$431	\$8,433	48%
Connecticut	-\$533	\$1,160	52%
Georgia	-\$140	\$1,226	34%
Iowa	-\$154	\$724	48%
Massachusetts	-\$395	\$1,823	32%
Michigan	-\$462	-\$1,003	-18%
Minnesota	-\$465	\$1,076	31%
Nebraska	-\$84	\$248	35%
New Jersey	-\$752	\$865	19%
New York	-\$4,046	\$2,469	15%
North Carolina	-\$226	\$1,454	34%
Ohio	-\$721	\$535	10%
Oregon	-\$343	\$696	27%
Pennsylvania	-\$81	\$1,299	27%

mous conclusion is that there is no connection between school funding and school performance.<sup>28</sup>

New solutions, including choice in education, charter schools, teacher pay for performance, and ending tenure to get rid of bad teachers, would seem to be much more promising ways to improve the schools than simply writing larger checks to an ailing public school system.

### **Simple Rules for Restoring Fiscal Discipline to the States**

Over the past several years state politicians have proven themselves either unwilling or unable to return their multi-billion-dollar revenue windfalls to taxpayers through tax

relief. With more surpluses likely on the way in 1999, states should consider the following steps to restore fiscal discipline.

#### **Tax and Expenditure Limitations**

One successful strategy employed by some states to prevent squandering budget surpluses has been to constitutionally require excess tax revenues to be returned to taxpayers. Such measures are called tax and expenditure limitations. The evidence suggests that states with tax and expenditure limitations have done a better job of restraining state government growth than have states without such disciplining measures.<sup>29</sup> California, Colorado, Missouri, and Washington each have constitutional tax limitations that restrict the growth of revenues to the rate of population growth plus inflation. Those states generally require that any revenue in excess of that amount be rebated to

the people. For example, in 1997 Colorado rebated \$142 million in tax revenues to taxpayers, while Missouri gave back \$318 million in rebate tax credits.<sup>11</sup>

As the data in Table 8 (discussed earlier) indicated, the per capita savings on taxes would have been \$278 this year if every state had implemented a population plus inflation tax cap prior to the current expansion.

### **Cut Anti-Growth Income and Corporate Tax Rates First**

Most of the economic evidence indicates that not all tax cuts are the same. States with no or flat-rate income taxes have outperformed their neighbors in terms of job growth, population growth, and income gains. The real personal income growth in states with no or low income taxes was 223 percent between 1962 and 1994, but it was only 175 percent in states with high income tax rates.<sup>12</sup> The first priority of states in cutting taxes should be to reduce excessive personal and corporate income tax rates.

### **Supermajority Vote Requirement to Raise Taxes**

Thirteen states, including Arizona, California, and Nevada, have adopted measures requiring that any tax increase by the legislature must pass by a supermajority vote in both houses. Most require a two-thirds vote, but others require three-fourths or three-fifths. Those measures have been highly effective at deterring routine tax increases during nonemergencies.<sup>13</sup> Supermajority requirements are most effective when they are applied to *all* tax increases—whether in income taxes, business taxes, sales taxes, or excise taxes.

### **Pass Tobacco Settlement Funds Back to Taxpayers**

Last November 46 states reached an agreement with the tobacco industry on a \$206 billion settlement of their suit over the medical treatment costs of smoking-related illnesses.<sup>14</sup> Previously, four other states—Florida, Minnesota, Mississippi, and Texas—

had reached separate agreements worth \$40 billion. State coffers will soon start to see the impact of this huge settlement, with total annual payments starting at \$4.5 billion and rising to \$9 billion.

At least six states have already decided to spend this windfall on things such as children's programs and nursing homes, having approved legislation even before the settlement was final.<sup>15</sup> That is the wrong approach. Ultimately, the tobacco settlement payments will be borne by consumers in the form of higher prices. Thus, the windfall to state treasuries should be rebated to all state taxpayers or returned to smokers via a reduction in tobacco taxes.

## **Conclusion**

Gov. Jesse Ventura's improbable victory in November was propelled in part by his promise to pass back surpluses to taxpayers. Few others have followed his lead. Republican governors have boasted of their tax cutting, but those tax cuts have in almost all cases been insufficient to return to taxpayers the excess money that states have garnered from the economic expansion. Nationwide, only one-third of the surplus money has been dedicated to tax cuts. State legislators have irresponsibly treated the excess tax collections as if they were lottery winnings.

The states should restrain spending and pass back revenue surpluses to the American workers and businesses who created them in the first place.

## **Notes**

1. National Association of State Budget Officers, "Tax Outlook for Fiscal 1999," Washington, February 1998 and May 1998.
2. National Governors' Association and National Association of State Budget Officers, *The Fiscal Survey of States*, December 1998.
3. Stephen Moore, "State Spending Splurge: The Real Story behind the Fiscal Crisis in State Government," Cato Institute Policy Analysis no.

**Thirteen states have adopted measures requiring that any tax increase by the legislature must pass by a supermajority vote in both houses.**

- 152, May 23, 1991.
4. National Governors' Association and National Association of State Budget Officers. *The Fiscal Survey of States*. December 1998.
  5. Details for individual states are available at [www.cato.org](http://www.cato.org) or by written request.
  6. Moore. "State Spending Splurge."
  7. National Governors' Association and National Association of State Budget Officers. *The Fiscal Survey of States*. May 1998, p. 2.
  8. Samuel Ehrenhalt. "The New Geography of Government Jobs: Hiring in State and Local Government Shifts to South and West, and to Medium and Small States." Center for the Study of the States, Albany, N.Y., Government Employment Report no. 2, December 1997.
  9. Jonathan Walters. "Did Somebody Say Downsizing?" *Governing*, February 1998, pp. 17-20.
  10. Stephen Moore. "Taxing Lessons from the States: Why Much of America Is Still in a Recession." Joint Economic Committee of the U.S. Congress, October 1993.
  11. See Stephen Moore. "The State Tax Revolt of 1994." Laffer, Canto Associates, San Diego, 1994.
  12. Moore. "Taxing Lessons from the States."
  13. Moore. "The State Tax Revolt of 1994."
  14. Dan Morain. "Tax Increases under Wilson Exceed Cuts." *Los Angeles Times*, December 7, 1997.
  15. Elizabeth I. Davis and Donald J. Boyd. "Tax Cuts Dampened Strong Fiscal 1997 Revenue." Center for the Study of the States, Albany, N.Y., State Fiscal Brief no. 48, January 1998; and Elizabeth I. Davis and Donald J. Boyd. "Third April 'Surprise' Hits New Highs." Center for the Study of the States, Albany, N.Y., State Revenue Report no. 33, August 1998.
  16. New Hampshire's slow growth of tax revenue from 1992 to 1998, a time of economic prosperity, can perhaps be explained in part by the fact that New Hampshire does not have an income tax, revenues from which tend to grow faster than personal income. Most of New Hampshire's tax revenue comes from the sales tax.
  17. National Governors' Association and National Association of State Budget Officers. *The Fiscal Survey of States*. December 1998.
  18. National Conference of State Legislatures. *State Budget Actions 1996*, November 1996, p. 2.
  19. National Governors' Association and National Association of State Budget Officers. *The Fiscal Survey of States*. December 1998.
  20. Michael Flynn. "\$4 Billion Windfall: Surplus Revenues in the States." American Legislative Exchange Council, Tax and Fiscal Policy Task Force, Washington, 1998.
  21. *Budget of the U.S. Government—Historical Tables, FY 1999*, Table 12.1, pp. 203-4.
  22. Patrick Fleener. "1997 Federal Tax Burden by State." Tax Foundation, Special Report no. 70, July 1997.
  23. Ron Haskins. "Welfare Reform Works." *American Enterprise Magazine*, January-February 1999.
  24. Richard Wolf. "Drop in Welfare Rolls Threatens State Funds." *USA Today*, October 5, 1998, p. 3A.
  25. *Ibid.*
  26. George C. Leaf. "Unemployment Compensation: The Case for a Free Market Alternative." *Regulation* 21, no. 1 (Winter 1998): 19-26.
  27. See, for instance, Richard Vedder. "State and Local Taxation and Economic Growth: Lessons for Federal Tax Reform." Joint Economic Committee of the U.S. Congress, December 1995; Zsolt Becsi. "Do State and Local Taxes Affect Relative State Growth?" Federal Reserve Bank of Atlanta *Economic Review*, March-April 1996; and Stephen Moore and Dean Stansel. "Tax Cuts and Balanced Budgets: Lessons from the States." Cato Institute Fact Sheet, September 17, 1996.
  28. Becsi.
  29. Moore. "Taxing Lessons from the States."
  30. Moore and Stansel.
  31. Empire Foundation newsletter, Albany, N.Y., April 1997.
  32. Flynn.
  33. U.S. Department of Education, National Center for Education Statistics. *Digest of Education Statistics, 1997*, Table 169, p. 172.
  34. See for instance, Eric Hanushek. "Impact of Differential Expenditures on School Performance." *Educational Researcher*, May 1989.
  35. U.S. Department of Education. Tables 133, 168, pp. 136, 171. The 10 highest spending jurisdictions by 1994-95 per pupil spending were New Jersey, New York, the District of Columbia, Alaska, Connecticut, Rhode Island, Massachusetts,

Maryland, Pennsylvania, and Delaware. The 10 lowest spending states were Utah, Mississippi, Idaho, Tennessee, Alabama, Arkansas, New Mexico, Louisiana, North Dakota, and South Dakota.

36. U.S. Department of Education. Tables 61, 169. pp. 72, 172.

37. Ibid.

38. John Chubb and Terry Moe. "Letting Schools Work" *NY: The City Journal*, Autumn 1990, cited in David Boaz, ed., *Liberating Schools: Education in the Inner City* (Washington: Cato Institute, 1991), p. 6.

39. For a comprehensive examination of the effectiveness of state tax and expenditure limitations, see Dean Stansel, "Taming Leviathan: Are Tax and Spending Limits the Answer?" Cato Institute Policy Analysis no. 213, July 25, 1994.

40. "State Tax Cuts," *Wall Street Journal*, October 29, 1987, p. A1.

41. Vedder.

42. See Stansel.

43. Constitutional scholar Robert Levy has argued that those tobacco settlements are inconsistent with justice and the rule of law. "Most damning," says Levy, "the settlement rewards attorneys general and their co-conspirators in the plaintiffs' bar, who have retroactively subverted the law to punish the sale of a legal product by a deep-pocketed and unpopular industry—without notice, opportunity for fair trial, or evidence. By eliminating the requirement to prove that smoking caused a particular injury, and by rejecting all claims that smokers are personally responsible, the states have effected a shakedown—no better than extortion—grounded on this repugnant rule: the states need money; the industry has money; ergo, the industry pays and the states collect." Robert Levy, "Tobacco Extortion: Round 3," *San Diego Tribune*, November 29, 1998. Another problem with the tobacco settlements is that they are inconsistent with justice and the rule of law. See Robert A. Levy, "Tobacco Medicaid Litigation: Snuffing Out the Rule of Law," Cato Institute Policy Analysis no. 275, June 20, 1997.

44. Gene Rose, "Nine for 99," *State Legislatures* 25, no. 1 (January 1999): 18-19.

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*William J. Carter*

Signature of Camera Operator

*10/14/2003*

Date

**EEO**

**103**



# Alaska State Legislature

House of Representatives

State Capitol, Rm 216  
Juneau, AK 99801-1182  
(907) 465-3725  
Fax: (907) 465-5334

Official Business

Office of the Chief Clerk

January 14, 2002

## MEMORANDUM

TO: State Affairs Committee

FROM: Suzi Lowell, Chief Clerk *SL*

SUBJECT: Executive Order No.103

The Speaker has referred Executive Order No. 103 to the State Affairs and Health, Education and Social Services Committees concurrently. Unless disapproved by a special concurrent resolution, the order becomes effective on the 60th legislative day. (AS 24.08.2100) The 60th day is March 14, 2002.

Please return all pertinent information to the Chief Clerk's Office on or before that date.

## Executive Order 103

*Transferring the maintenance of certain permanent files of the certified copies of regulations and orders of repeal from the lieutenant governor to the state archivist*

- Current statute (AS 44.62.080(2)) provides that the lieutenant governor shall "maintain a permanent file of the certified copies of regulations and orders of repeal for public inspection."
- Records of state's regulations from statehood to present date are housed in the lieutenant governor's office in a vault measuring nine feet long by eight feet wide.
- Existing space is unable to support addition of shelving or cabinets or to support conditions necessary to preserve the records over time.
- Records are to be maintained for permanency, security, and easy access by the public.
- These requirements would be achieved by transferring to the state archivist, on an annual basis, the originals of regulations on file in lieutenant governor's office for five years.
- State archives staff is trained in records preservation to protect important records from deterioration through regular use and maintain a dedicated reading room that is monitored and readily available to public. Space is climate and fire controlled.
- Other records of historical significance are maintained by the state archivist (i.e: original executive orders, original enrolled copies of all Acts and resolutions).
- Executive Order represents a custodial change in records maintenance with no fiscal impact since additional staff and space are not required.

**Subject: EO 103**

**Date:** Mon, 11 Feb 2002 11:16:11 -0900

**From:** Carol Collins <Carol\_Collins@gov.state.ak.us>

**Organization:** Special AssistantLieutenant Governor's Office

**To:** Rynniva W Moss <Rynniva\_Moss@legis.state.ak.us>

Hi Rynniva,


Thanks for the information last week on the SA's committee action regarding HB 213 and HJR 25. Sorry I missed your call.

I see that the Executive Order transferring the regulation files from our office to the archivist is in your committee. It's pretty innocuous (addresses a major space and record aging problem); however, I'll happily give you a tour of our "vault" if you'd like :-). I've attached some bullets in case you haven't seen them.

If I don't hear from you, I'll assume all is well with SA on this issue knowing that you have much bigger "fish to fry"! Thanks, Rynniva.

Best wishes, Carol (4082)

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 <a href="#">Executive Order 103.doc</a>	<b>Name:</b> Executive Order 103.doc <b>Type:</b> WINWORD File (application/msword) <b>Encoding:</b> base64 <b>Download Status:</b> Not downloaded with message
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Carol Collins <Carol\_Collins@gov.state.ak.us>



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*William J. Carter*

Signature of Camera Operator

10/14/2003

Date

**HB**

**1**

# STATE OF ALASKA

## OFFICE OF THE GOVERNOR

OFFICE OF MANAGEMENT AND BUDGET

TONY KNOWLES, GOVERNOR

P.O. BOX 110020  
JUNEAU, ALASKA 99811-0020  
PHONE: (907) 465-3568  
FAX: (907) 465-2090

March 16, 2001

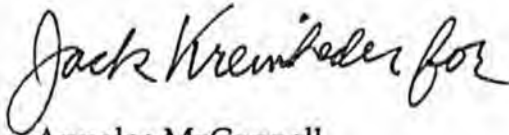
The Honorable John Coghill  
Chairman, House State Affairs Committee  
State Capitol Room 102  
Juneau, Alaska 99801

Dear Representative Coghill:

The House State Affairs Committee is currently considering HB 1, which would relocate legislative sessions from Juneau to Anchorage. The purpose of this letter is to state the opposition of the Knowles Administration to this legislation.

The position of the Administration is that legislative sessions should be held in the state capital. Modern communications technology has greatly improved the ability of Alaska's citizens to monitor and participate in the legislative process whether they live in Anchorage or Barrow. Relocating legislative sessions to Anchorage is an unnecessary and expensive proposal that only recreates the divisiveness of previous capital move attempts - the same attempts which Alaska voters have rejected three times.

Sincerely,



Annalee McConnell  
Director



Official Business

# Alaska State Legislature

## HOUSE OF REPRESENTATIVES

State Capitol  
Juneau, AK 99801-1182

### MEMORANDUM

**TO:** The Honorable John Coghill, Chairman  
House State Affairs Committee

**FROM:** Representative Norman Rokeberg  
Representative Joe Green

**DATE:** January 31, 2001

**RE:** House Bill 1  
Location of Legislative Sessions

We would request that you schedule House Bill 1 for a hearing before the House State Affairs Committee.

Attached are:

1. House Bill 1
2. Sponsor Statement
3. Sectional Analysis
4. April 1998 report on State Capitol Building from Capital City Fire Rescue
5. "Legislators Get Settled for Session's Opening", The Daily Sentinel [Sitka], January 5, 2001
6. "Fog disrupts weekend flights", Juneau Empire, November 20, 2000
7. "Fog keeps Juneau fuzzy, causes airport, road woes", Juneau Empire, February 17, 1998
8. "Weather grounds Juneau flights", Juneau Empire, January 10, 1997
9. "Fog fuels fight over legislative move", Anchorage Daily News, January 22, 1997
10. "Fog fuels debate", Ketchikan Daily News, January 22, 1997
11. "Victorious Bears return", Juneau Empire, February 10, 1997
12. "State winner lost in fog", Juneau Empire, February 10, 1997
13. "Waiting for the big plane", Juneau Empire, February 12, 1997
14. "Fog delays, cancels flights", Juneau Empire, February 17, 1997

Thank you for your consideration of this request

# FISCAL NOTE

**STATE OF ALASKA**  
**2001 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: HB 1  
 ( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: All  
 Title: Move Legislature to Anchorage BRU: \_\_\_\_\_  
 Component: \_\_\_\_\_  
 Sponsor: Rep. Rokeberg  
 Requester: House State Affairs Component Number: \_\_\_\_\_

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>2,308.3</b>	<b>2,116.7</b>	<b>2,150.7</b>	<b>2,185.6</b>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( )</b>						
-------------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>2,308.3</b>	<b>2,116.7</b>	<b>2,150.7</b>	<b>2,185.6</b>

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

Calculation for Executive Branch only updated for inflation from previous bills (see attached spreadsheet). The most recent move the Legislature to Anchorage bill for which departments prepared individual fiscal notes was CSSSSB 19 (FIN) in 1995 which would have become effective in FY 98. These data have been updated for past and projected inflation in this fiscal note. Inflation history and projections provided by Department of Labor Research and Analysis Section and OMB respectively. The DHSS fiscal note was inadvertently misplaced and will be added as soon as available.

Prepared by: Brad Pierce, Senior Policy Analyst Phone 465-4677  
 Division: Governor's Office of Management and Budget Date/Time 2/12/01 3PM  
 Approved by: Annalee McConnell Date 02/12/2001  
 Agency: OMB

For distribution information, call the Governor's Legislative Office

## HB 1 Move Legislature to Anchorage Fiscal Note Calculation

	<u>FY 98</u>	<u>FY 99</u>	<u>FY 00</u>	<u>FY 01</u>	<u>FY 02</u>	<u>FY 03</u>	<u>FY 04</u>	<u>FY 05</u>	<u>FY 06</u>	<u>FY 07</u>
% Change Anchorage CPIU	1.5%	1.2%	1.2%	1.5%	1.5%	2.0%	2.0%	2.5%	2.5%	2.5%
<b>Administration</b>	81.7	74.7	74.7	74.7			91.0	85.3	85.3	85.3
<b>Commerce</b>	105.1	105.1	105.1	105.1			117.1	117.1	117.1	117.1
<b>Corrections</b>	59.9	59.9	59.9	59.9			66.7	66.7	66.7	66.7
<b>Education</b>	92.7	92.7	92.7	92.7			103.3	103.3	103.3	103.3
<b>Environmental Conservation</b>	86.7	89.3	92.0	94.7			96.6	99.0	101.5	104.0
<b>Fish and Game</b>	205.7	208.2	210.7	213.8			229.2	234.9	240.8	246.8
<b>Governor</b>	755.0	610.2	616.3	623.7			841.2	696.9	714.3	732.2
<b>Health &amp; Social Services</b>							-	-	-	-
<b>Labor</b>	55.4	58.2	61.1	64.1			61.7	63.3	64.9	66.5
<b>Law</b>	318.7	258.7	258.7	258.7			355.1	295.4	295.4	295.4
<b>Military and Veterans Affairs</b>	8.0	8.0	8.0	8.0			8.7	8.7	8.7	8.7
<b>Natural Resources</b>	-	-	-	-			-	-	-	-
<b>Public Safety Total</b>	70.7	70.7	70.7	70.7			78.8	80.7	80.7	80.7
<b>Revenue</b>	145.4	151.2	157.3	163.5			162.0	166.1	170.2	174.5
<b>Transportation and Public Facilities</b>	86.9	90.7	94.6	98.8			96.8	99.2	101.7	104.3
<b>Total Executive Branch</b>	<b>2,071.9</b>	<b>1,877.6</b>	<b>1,901.8</b>	<b>1,928.4</b>			<b>2,308.3</b>	<b>2,116.7</b>	<b>2,150.7</b>	<b>2,185.6</b>

Prepared by OMB/BP 2/12/01

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Kim ~~And~~ And

Nancy Means - Nevada

Susan Palmer

~~Thursday~~ Thursday

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transcribing

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# FISCAL NOTE

STATE OF ALASKA  
2001 LEGISLATIVE SESSION

NO. \_\_\_\_\_  
BILL VERSION: HB 1  
PUBLISH DATE: \_\_\_\_\_

Revision Date: \_\_\_\_\_  
Title: "An Act relating to the location of legislative session; and providing for an effective...."  
Sponsor: Representative Rokeberg and Green  
Requestor: House State Affairs

Department Affected: Legislative Affairs Agency  
BRU: Legislative Council  
Component: Council and Subcommittees

COMPONENT SERIAL NO:

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	229.0	-353.5	-353.5	-353.5
CONTRACTUAL	0.0	0.0	3855.0	3305.4	3305.4	3305.4
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>4084.0</b>	<b>2951.9</b>	<b>2951.9</b>	<b>2951.9</b>

CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
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REVENUE FUND SOURCE	0.0	0.0	0.0	0.0	0.0	0.0
---------------------	-----	-----	-----	-----	-----	-----

FUNDING: (Thousands of Dollars)

GENERAL FUND	0.0	0.0	4,084	2951.9	2951.9	2951.9
FEDERAL FUNDS						
OTHER FUND SOURCE						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>4,084</b>	<b>2951.9</b>	<b>2951.9</b>	<b>2951.9</b>

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year impact:

ANALYSIS: (Attach a separate page if necessary)      HB 1 relocates the Legislative Session to Anchorage beginning with the convening of the Second Session of the Twenty-Third Legislature. This fiscal note addresses the increased costs and savings to the Legislative Branch only. It does not quantify costs to the Executive Branch for travel to Anchorage to testify on bills or attend hearings. It also does not quantify costs the Executive Branch would incur or save by moving state agencies from leased space to the state owned Capitol (previously estimated renovation costs were over \$1,000,000). This fiscal note does not attempt to evaluate the various social and economic impacts on either Juneau or the Municipality of Anchorage.

Prepared By: Karla Schofield, Deputy Director *Karla Schofield* Phone: 465-3852  
Division: Administrative Services Date: 02/12/01

Approved By: Pamela A. Varni, Executive Director *Pamela A. Varni*  
Agency: Legislative Affairs Agency Date: 2/12/01

Distribution (by preparer): Leg. Finance, Legislative Sponsor, Requestor, OMB, Gov. , & Impacted Agency(ies).

### Personal Services

There would be no increased personal services expenditures or savings. There would be a cost shifting of full time positions transferred from Juneau to the Municipality of Anchorage. In addition, session positions currently filled in Juneau would be transferred to Anchorage.

### Travel

#### *Legislator relocation expenses*

There would be a cost savings for relocating Legislators for the session. 28 Legislators reside within 50 miles of Anchorage and would not need to relocate. Currently, 3 Legislators reside within 50 miles of the Juneau Capitol and do not relocate. Most Legislators and their families permanently reside in areas closer to Anchorage than Juneau, which would result in reduced relocation costs due to the lesser distance traveled. Estimated annual Legislator relocation savings are \$101,656.

#### *Session Per Diem Expenses*

There would be a cost savings in session per diem if the Legislature convened in Anchorage if the federal government maintained the current per diem rate. The per diem rate fluctuates. Currently, the per diem rate is \$21 less in Anchorage than Juneau from the beginning of session until April 30th, and \$68 more in Anchorage than Juneau from May 1<sup>st</sup> until the end of session. Currently 3 Legislators living within 50 miles of the Capitol receive 75% of the federal per diem rate. Estimated annual session per diem costs savings are \$211,857.

#### *Moving the Legislature's Full Time Personnel*

All Legislative offices and positions now permanently located in Juneau will move to the Municipality of Anchorage except a portion of the Juneau Legislative Information Office, Juneau Legislator's offices, a portion of the Juneau Ombudsman's Office, and the Juneau Office of Legislative Budget and Audit. Approximately 65 Juneau-based employees who occupy permanent full time positions will be transferred to Anchorage to provide data processing, printshop, maintenance, supply, legal, research, personnel and financial support services for the Legislature in an efficient manner. We estimate 50 people and their families will elect to move at an estimated cost to the Legislature of \$582,500 (50 times \$11,640/family).

#### *Reduced Session Travel*

It is estimated that the Legislative Branch would see a \$40,000 decrease in travel costs during the session because the 28 Legislators located in the Anchorage area would not need to travel from Juneau to Anchorage to attend to legislative and constituent concerns. The 8 Legislators located in Southeast would need to return home occasionally and the 24 Legislators from other areas in the State would not need to travel as far.

## Contractual

### *Office Space*

In Juneau, the Legislature occupies state owned space in the Capitol (74,300 sq ft) and the Terry Miller Legislative Office Building (27,720 sq ft office, 4,000 sq ft gym), Community and Regional Affairs Building (5,600 sq ft), State Office Building (6,554 sq ft), and the Court Plaza Building (1,603 sq ft). The Legislature rents storage space in the Goldstein Building (4,085 sq ft). Excluding the gym in the Terry Miller Building, the Legislature occupies 119,862 square feet of space in Juneau. Lease expenses in Juneau equal \$28,000 annually for our leased storage space. The Legislature does not currently pay for any office space in Juneau.

Research reports produced by this Agency and others consistently recommend the Legislature acquire at least 140,000 square feet of office space if they relocate to Anchorage. This would allow for the necessary expansion of Legislators offices, many of which are very small, the enlargement of senate and house chambers, and larger committee rooms. The Legislature might wish to provide an office for visiting Executive Branch officials, enlarge the cafeteria area, or add other amenities.

If the Legislature relocated it would likely construct a legislative building at some point in the future. A capital appropriation would be needed to fund construction. This fiscal note does not include a cost for construction of a new legislative building.

As it would take some time to build a legislative building in Anchorage, the Legislature would be obliged to rent space in an existing building or buildings. At the present time, Anchorage does not have 140,000 square feet of Class A commercial or state owned space available in a single facility. Hopefully, the Legislature could rent office space in buildings within reasonable proximity to each other. According to Property and Facilities Management, Municipality of Anchorage, Class A space in Anchorage currently runs between \$2.10 and \$2.25/squarefoot. 140,000 square feet at \$2.25/sq ft is an annual lease expense of \$3,780,000.

The \$3,780,000 would be decreased by \$446,600, the annual Anchorage LIO office space rent, and \$28,000, the current Juneau storage rent. For purposes of this fiscal note we will assume the Legislature will lease existing space and the annual increase to the Legislature's lease budget will be \$3,305,400.

This cost would be offset somewhat if Executive Branch agencies moved into the state owned space vacated by the Legislature in the Capitol, the Community and Regional Affairs Building, and the Court Plaza Building. The Terry Miller Legislative Office Building may only be used for Legislative purposes and could not house Executive Branch agencies per the agreement with the City and Borough of Juneau. The Juneau LIO is already housed in the Terry Miller Legislative Office Building. The Juneau Ombudsman's Office, the Division of Legislative Audit and Juneau Legislator offices would be moved into the Terry Miller Legislative Office Building and would take up one or two floors. As this fiscal note does not address savings or costs to the Executive Branch we have not quantified costs to relocate State agencies into the vacated space or to remodel the space to meet the needs of the Executive Branch.

### *Communications*

The cost to the Legislature for installing our existing phones system with minimal additions in Anchorage would be approximately \$120,000. In addition, the Information Technology Group would have to increase the capacity of their switching equipment in Anchorage to support the increased number of phones. Usually, the department involved splits the cost of the upgrade with ITG. The Legislature's portion of the upgrade might be as high as \$46,000. If the building fell outside the ITG Anchorage phone boundaries, local charges would be accessed by the local telephone company.

The Legislature would probably need to wire a rental building for our computer network at a cost of \$200,000. The Legislative Affairs Agency traditionally does its own wiring. If a private contractor performed the work, the cost would be higher.

### *Freight*

The Legislative Affairs Agency estimates that moving the majority of Juneau based legislative offices would require 27 full size vans. According to Reliable Transfer, the cost of each van from Juneau to Anchorage, estimated at 12,000 pounds, each would be approximate \$6,800. 27 times \$6800 equals \$183,600.

This fiscal note addresses the main costs to the Legislative Branch to hold regular sessions in Anchorage. Some unforeseen costs and savings might only become apparent if the Legislature moved. One cost not included, which the Legislature would probably fund before deciding whether or not to move the Legislature, would be a study to determine the economic and social impact to the two communities. The cost of such a study is not included in this fiscal note.



*"Dedicated to making state government work better for all Alaskans by improving and enhancing Juneau as Alaska's Capital City"*

#### **What is the Alaska Committee?**

Since 1994, this all-volunteer organization has worked tirelessly to make access to our state capital easier and more dependable for all Alaskans. Efforts of the Committee have also been directed at improving facilities and accommodations for visitors to the Capital.

#### **Our Efforts Include:**

**Constituent Airfare Program.** A cooperative effort of Alaska Airlines, the City and Borough of Juneau, and the Alaska Committee, this program provided reduced airfares to Juneau during the legislative session.

**Improved Access.** With the support of the City and Borough of Juneau and the Alaska Committee, Alaska Airlines invested over \$20 million to develop a Global Positioning System landing program and equipping their fleet. In addition, the Committee has continued to support road access to Juneau.

**Televised Coverage of the Legislature.** Support of Gavel-to-Gavel coverage of the Alaska State Legislature during the legislative session remains a major priority for the Committee. This is made possible by funding largely from the City and Borough of Juneau. This live coverage is available in 28 communities stretching from Barrow to Ketchikan to Dutch Harbor serving a population of almost 500,000 Alaskans.

**Other.** The Committee continues to work on improvements for the Capital including air, surface and electronic access as well as better facilities for the Legislature. With our sponsorship and support of the annual Comtech technology conference, electronic access to the Legislature and various State government functions have continued to increase dramatically.

The Committee welcomes any suggestions that you may have to improve Alaska's Capital City so that it will better serve your needs.

The Alaska Committee  
PO Box 22138  
Juneau, AK 99802-2138  
(907) 463-4305

**Constituent Fare Program Coupon**

Bethel Barrow Dillingham, Dutch Harbor King Salmon Kodiak Nome Kotzebue \$399	Fairbanks \$299	Anchorage \$199	Cordova Ketchikan Petersburg Sitka Wrangell Yakutat \$159
<b>SAMPLE</b>			

All fares are for round-trip travel to and from Juneau during the regular 120-day legislative session. Must be an Alaska Airlines Mileage Plan Member. One coupon per member. Coupons are sent out with your regular Mileage Plan statement in December. If not received, coupons may be requested by calling Mileage Plan at 1-800-654-5669. Valid for travel to Juneau on Tuesday, Wednesday, Thursday, and Saturday, and travel from Juneau on Tuesday, Wednesday, Thursday, Saturday, and Sunday. Subject to change without notice.

# FISCAL NOTE

**STATE OF ALASKA**  
**2001 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: HB 1  
 () Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: All  
 Title: Move Legislature to Anchorage BRU: \_\_\_\_\_  
 Component: \_\_\_\_\_  
 Sponsor: Rep. Rokeberg  
 Requester: House State Affairs Component Number: \_\_\_\_\_

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>2,308.3</b>	<b>2,116.7</b>	<b>2,150.7</b>	<b>2,185.6</b>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( )</b>						
-------------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>2,308.3</b>	<b>2,116.7</b>	<b>2,150.7</b>	<b>2,185.6</b>

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

Calculation for Executive Branch only updated for inflation from previous bills (see attached spreadsheet). The most recent move the Legislature to Anchorage bill for which departments prepared individual fiscal notes was CSSSSB 19 (FIN) in 1995 which would have become effective in FY 98. These data have been updated for past and projected inflation in this fiscal note. Inflation history and projections provided by Department of Labor Research and Analysis Section and OMB respectively. The DHSS fiscal note was inadvertently misplaced and will be added as soon as available.

Prepared by: Brad Pierce, Senior Policy Analyst Phone 465-4677  
 Division: Governor's Office of Management and Budget Date/Time 2/12/01 3PM  
 Approved by: Annalee McConnell Date 02/12/2001  
 Agency: OMB

For distribution information, call the Governor's Legislative Office

## HB 1 Move Legislature to Anchorage Fiscal Note Calculation

	<u>FY 98</u>	<u>FY 99</u>	<u>FY 00</u>	<u>FY 01</u>	<u>FY 02</u>	<u>FY 03</u>	<u>FY 04</u>	<u>FY 05</u>	<u>FY 06</u>	<u>FY 07</u>
% Change Anchorage CPIU	1.5%	1.2%	1.2%	1.5%	1.5%	2.0%	2.0%	2.5%	2.5%	2.5%
Administration	81.7	74.7	74.7	74.7			91.0	85.3	85.3	85.3
Commerce	105.1	105.1	105.1	105.1			117.1	117.1	117.1	117.1
Corrections	59.9	59.9	59.9	59.9			66.7	66.7	66.7	66.7
Education	92.7	92.7	92.7	92.7			103.3	103.3	103.3	103.3
Environmental Conservation	86.7	89.3	92.0	94.7			96.6	99.0	101.5	104.0
Fish and Game	205.7	208.2	210.7	213.8			229.2	234.9	240.8	246.8
Governor	755.0	610.2	616.3	623.7			841.2	696.9	714.3	732.2
Health & Social Services							-	-	-	-
Labor	55.4	58.2	61.1	64.1			61.7	63.3	64.9	66.5
Law	318.7	258.7	258.7	258.7			355.1	295.4	295.4	295.4
Military and Veterans Affairs	8.0	8.0	8.0	8.0			8.7	8.7	8.7	8.7
Natural Resources	-	-	-	-			-	-	-	-
Public Safety Total	70.7	70.7	70.7	70.7			78.8	80.7	80.7	80.7
Revenue	145.4	151.2	157.3	163.5			162.0	166.1	170.2	174.5
Transportation and Public Facilities	86.9	90.7	94.6	98.8			96.8	99.2	101.7	104.3
<b>Total Executive Branch</b>	<b>2,071.9</b>	<b>1,877.6</b>	<b>1,901.8</b>	<b>1,928.4</b>			<b>2,308.3</b>	<b>2,116.7</b>	<b>2,150.7</b>	<b>2,185.6</b>

Prepared by OMB/BP 2/12/01



# Alaska State Legislature

## HOUSE OF REPRESENTATIVES

Official Business

State Capitol  
Juneau, AK 99801-1182

**SPONSOR STATEMENT**  
**HOUSE BILL 1**  
**LEGISLATIVE SESSION LOCATION**  
By Representatives Norman Rokeberg and Joe Green

**TITLE:** "An Act relating to the location of legislative sessions; and providing for an effective date."

House Bill 1 calls for the legislature to convene in the Municipality of Anchorage beginning in 2004. HB 1 does not propose to move the capital; it only addresses where the legislature meets.

The majority of Alaska's population lives well away from the current committee hearings, floor sessions, and daily business of the legislature. Access to legislators is limited to only those Alaskans who can afford the expensive and arduous travel to Juneau. Special interest groups, lobbyists, and individuals with the financial means can access the legislature in its current remote location, but representative government demands that legislators hear from the majority of the citizens, not just the wealthy. No other state in the Union requires 95% of its legislators to relocate to a capitol inaccessible by road, thereby drastically reducing the potentially available pool of young legislators with families. The statewide teleconference system is a necessary improvement, but insufficient solution to this problem.

The Anchorage area offers the advantages of access, including superior transportation access by road, rail, or air; superior commercial office space available at competitive rates; larger and more varied residential space for legislators and staff; and a larger labor pool from which to draw professional and clerical staff. There are also outstanding visitor facilities for individuals and groups doing business with the legislature. Both the private and public sector will realize savings from such relocation.

The legislature is presently housed in an obsolete building, constructed in 1931. The State Capitol and surrounding parking are grossly inadequate and were not constructed for the primary purpose of conducting today's legislative activities. The building is clearly unsafe as it violates numerous life-safety and building codes. It does not have an automatic sprinkler system for fire suppression, has antiquated electrical service, fails to meet structural requirements for earthquakes, contains countless fire code violations, does not provide adequate access for the disabled community, and is inefficiently laid out and expensive to maintain and operate.

In Anchorage, where the bulk of the legislators live and conduct their business during the legislative interim, a leased building provides year round offices for 19 House members, 10 Senate members, the Ethics Committee, and the Anchorage Legislative Information Office. In addition, it is interesting to note that some legislators from rural areas also have their interim staff housed in the Anchorage Legislative Office Building.

Suitable premises for the chambers and associated office premises are or will be available in the Anchorage commercial real estate market. The cost of refitting the premises and constructing suitable chambers could be bargained for as part of the leasehold obligation.

There is concern regarding the potential loss of jobs in Juneau. This could be offset by Juneau's economy hosting more private businesses: tourism, timber, fishing, mining, etc., on a year-round basis rather than for only four to five months a year. There would still be a continued presence of the Executive branch of government. In the short term, the economy in Juneau may feel the effects of a legislative move, but a majority of Alaskans would benefit during the long term. It must be realized that the Juneau area is home to some of the best fishing, timber, and mining opportunities in the state -- if these opportunities could be accessed. Such natural resource industries could provide high-paying, long-term jobs. Juneau, the town mostly built on old mine tailings, now seems to have a problem letting a mine open and/or operate. Commercial fishing seems to be a thing of the past as most of the vessels tied up in the harbor appear to be pleasure-type craft, not the old work horses of the sea. A modest timber industry could certainly appear feasible in a proper regulatory environment.

In the most recent municipal election, by approximately 84 votes, the voters of Juneau defeated a proposal to connect Juneau to the Alaska Highway. Enhanced ferry service was the winner but the majority of Alaskans would like to be able to access their capital city without the extra costs of ferry or other transportation means. A road into Juneau would allow more people to visit Juneau on their schedule -- rather than that of the ferry or airline. Access to our legislature needs to be cost-effective and delivery of democracy to the majority of our citizens should be the highest priority of state policy.

Session per diem rates would be favorably impacted as well as the legislature's travel budget. Currently only three legislators are being paid at the lower per diem rate. By meeting in Anchorage more than 10 times as many legislators would be paid at this lower rate. In addition, tremendous moving costs could be avoided since more than half of the legislators live in, or commute to, Anchorage.

All in all, moving the legislative session to Anchorage would give the largest number of citizens the most access to their legislators. Your support of this legislation would be appreciated.

ED1:01/31/01



# Alaska State Legislature

## HOUSE OF REPRESENTATIVES

Official Business

State Capitol  
Juneau, AK 99801-1182

### SECTIONAL ANALYSIS HOUSE BILL 1 LEGISLATIVE SESSION LOCATION By Representatives Norman Rokeberg and Joe Green

**TITLE:** "An Act relating to the location of legislative sessions; and providing for an effective date."

- Sections 1 and 2:** Technical amendments reflecting the location change of the legislature.
- Section 3:** Provides that the legislature shall convene in the Municipality of Anchorage at an appropriate location in Anchorage arranged by the Legislative Council.
- Section 4:** Provides that the Chief Clerk and Senate Secretary shall remain at the location of the session until their work is completed as directed by the director of the council.
- Section 5:** Provides that a legislator is entitled to reimbursement for moving expenses from the member's place of residence to the Municipality of Anchorage.
- Section 6:** Provides that the Alaska Public Offices Commission's registration form for lobbyists must include any temporary residential and business addresses and telephone numbers in the Municipality of Anchorage during regular legislative sessions.
- Section 7:** Provides that the director of lobbyists shall be made available in a public place adjacent to the legislative chambers in the Municipality of Anchorage.
- Section 8:** Amends statute concerning annual student guests to delete reference to "in the capital".
- Section 9:** Amends statute concerning essay contest for annual student guests.
- Sections 10, 11 and 12:** Amend statutes concerning standards of conduct to reflect reference to city in which session is being held rather than "capital" city.
- Section 13:** Provides that the convening of the Second Session of the Twenty-Third Alaska State Legislature will take place in the Municipality of Anchorage.
- Section 14:** Effective date: July 1, 2003.

ED1:01/31/01

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820 Glacier Avenue • Juneau, Alaska 99801  
Telephone (907) 586-5322  
Fax (907) 586-8323

April 9, 1998

Mr. Don Johnston, Maintenance  
Legislative Affairs Agency  
State Capitol Building - Room 12  
Juneau, Alaska 99801-1182

Dear Don:

Attached is the fire inspection report you requested on the State Capitol Building. This report was prepared by both the Fire Marshal and the Building Official of the City and Borough of Juneau.

After carefully reviewing the report, it appears to me that the majority of items needing attention are of a house keeping nature with a minimum cost associated to them. (For example, adding a flammable liquid storage cabinet in the workshop area, providing a portable fire extinguisher in the kitchen area, documenting various test reports on existing systems throughout the building, etc.).

The one item needing the most consideration involves the building corridors because some of them are also part of the exit system. In this regard, you have eighteen months to develop a plan to bring the corridors up to compliance.

As I understand it, you accompanied Fire Marshal Curtis Jones on the inspection so the above mentioned items probably don't come as a surprise.

If there is anything else we can do to be of assistance, please call me or Curtis.

Respectfully,

CAPITAL CITY FIRE RESCUE

Michael L. Doyle  
Fire Chief

MD:djb  
c: Curtis Jones, CBJ Fire Marshal  
Chris Roust, CBJ Building Official  
Dave Palmer, City Manager



820 Glacier Avenue • Juneau, Alaska 99801  
Telephone (907) 586-5322  
Fax (907) 586-8323

April 9, 1998

Mr. Don Johnston, Maintenance  
Legislative Affairs Agency  
State Capitol Building  
Room 12  
Juneau, Alaska 99801-1182

Dear Don:

Thank you for your assistance during the February 19, 1998, fire inspection of the State Capitol Building by Juneau Fire Marshal Curtis Jones. This appears to have been the first request for such an inspection of the Capitol since the State Fire Marshal deferred enforcement of the building and fire codes to the City and Borough of Juneau in 1982.

The codes sections cited below are from the 1994 editions of the Uniform Fire Code (UFC) and the Uniform Building Code (UBC).

- 1) **WORKSHOP:** Fire rated door separating the workshop from the boiler room must be provided with an automatic closing device. The door shall remain in the closed position unless held open by an approved holding device which will allow the door to close upon activation of the fire alarm system (UFC 1112).
- 2) **PAINT LOCKER:** If flammable or combustible liquids are used in the workshop area, no storage is allowed in this room outside an approved Flammable Liquid Storage Locker. This area is classified as Hazard Occupancy. The exit door from the paint spray room must swing in the direction of exit travel. Please provide Explosive Proof Construction data for the concealed exhaust fan (UFC 7902.5.9).
- 3) **ELEVATOR / MAIN STAIRWAY:** Please provide a copy of the test report by an individual or company holding a valid permit as required (13AAC 50.035) showing that elevator recall and stairway doors close upon activation of the fire alarm system (UFC Appendix I-A 3).
- 4) **KITCHEN:** Provide a portable fire extinguisher with a minimum of 40 BC rating. This extinguisher must be mounted no more than five feet in height from the top of the extinguisher and within 30 travel feet from the stove (UFC 1006.2.7 & UFC Standard 10-1).
- 5) **GENERAL STORAGE:** Throughout the building, reduce storage height to at least two feet below ceiling. Exception: when storage is against a wall (UFC 1103.3.2.2).

- 6) **EMERGENCY POWER SUPPLY SYSTEM:** Please provide a copy of the biannual maintenance test report for the emergency power supply system (UFC Standard 5.6) (NFPA 110-6.3).
- 7) **FIRE ALARM SYSTEM:** Please provide a copy of the annual fire alarm test report. Test report must include the name of the company or individual and their valid permit number as required by State Fire Marshal (13 AAC 50-035) (UFC1001.4 & CBJ Title 19.09.010(b)(13)).
- 8) **STANDPIPE SYSTEM:** Please provide a copy of the five year standpipe test report for the interior and exterior systems. Report must include the name of the company or individual and their valid permit number as required by State Fire Marshal (13 AAC 50-035) (UFC101.4 & CBJ Title 19.09.010(b)(17)).
- 9) **CORRIDOR WIDTH:** The required width of the corridors shall be unobstructed. Exit travel through an intervening room may be allowed provided the exit door meets the required minimum width, has no locking devices, and has smoke detectors that are connected to the fire alarm system located on each side of the door (UFC Appendix I-A 2.3 & UBC Appendix 3407.3).
- 10) **GUARDRAILS:** The fire escape guardrails installed under building permit 9442 issued in September of 1973 appear to not have been inspected for building code compliance. The 1970 Uniform Building Code, which was in effect at the time, in section 1714 called for 42" high guardrails on the fire escape landings and stairs with intermediate rails spaced such that an object 9" in diameter could not pass through. Current codes call for no more than 4" spacing between intermediate rails. The existing guardrails do not meet either the 1970 or current codes.
- 11) **CORRIDORS:** The Uniform Building Code and Uniform Fire Code sections dealing with Life Safety in Existing Non-High Rise Buildings contain requirements for corridors which are a part of an exit system serving an occupant load of 30 or more in an office building. Such corridor walls and ceilings shall have not less than one hour fire resistive construction, doors shall be 20 minute fire rated with self closers and smoke gaskets, and transoms shall have ¼ hour rated fixed glazing (UFC Appendix I-A 2.3 & UBC Appendix 3407.3).

City records show that the Capitol was built in 1929 which was two years after the first edition of the Uniform Building Code was written and long before it was adopted in Alaska. The 1927 edition of the UBC did not require fire protection of corridors in new buildings and the UBC did not have a requirement for fire protection of corridors in existing non-high rise buildings until the 1982 edition. The concept of a fire protected corridor, free from smoke, allowing safe exiting of the occupants of a building during a fire is now a fundamental life safety requirement of building and fire codes throughout the world.

The requirement for such fire ratings may be eliminated if an approved automatic sprinkler system is installed throughout the building. There may be other options to allow this building to retain its historic character with approval of the building official. Examples include covering door panels less than 1 3/8 inches thick with wood-trimmed sheet rock and installing fixed ¼ hour fire rated windows behind frosted glass door windows in doors or transoms.

We have attached some information concerning the preservation of historic building components from the Uniform Code for Building Conservation as well as Appendix Section 3407.3 from the Uniform Building Code concerning corridor protection.