

Future State Spending & Revenue: Engaging Alaskans in “What If . . . ?”

Fiscal Policy Study Group
Commonwealth North

CWN Project

- Goal:
 - Increase awareness of state's revenue shortfall
 - Increase understanding of why changes in state spending may be necessary
- Interactive website
 - Select category spending level (less, more, stay same)
 - Select revenue options (collect less, more, stay same)
 - Propose new revenue sources
 - Brief pro, con for each choice
 - Running tally of spending, revenue choices
 - If budget not balanced, re-visit earlier choices

Homework / Website Preparation

- For each recurring revenue category
 - Have 3 scenarios: Increase, decrease, maintain status quo (or similar)
 - Develop up to 3 pro and 3 con BRIEF statements for each scenario
- For each spending category
 - Have 3 scenarios: Increase, decrease, maintain status quo (or similar)
 - Develop up to 3 pro and 3 con BRIEF statements for each scenario
- Optional: additional information (click through on website)

For example . . . Taxes on Business Activity

- State currently collects about \$215 million in taxes such as corporate income taxes, charitable gaming, and insurance premium taxes.
- Scenarios:
 1. Increase taxes by 20% Result: +\$43 million
 - Pro: Businesses benefit from the state having a healthy economy, so they should pony up more revenue
 - Con: Business pass increased taxes on to customers, so Alaskans will end up paying more
 2. Keep taxes the same Result: No change
 - Pro: Stability is important to businesses, especially right now
 - Con: Alaska has a serious problem and no group should expect to not pay more
 3. Decrease taxes by 10% Result: - \$21 million
 - Pro: Businesses need a break and reducing their costs can help
 - Con: State has a serious revenue problem and can't afford to roll back taxes

Categories: Recurring State Revenue

- Taxes on Business Activity
- Taxes on Individual Use or Activity
- Taxes on Resource-Extraction Businesses
- Permanent Fund earnings
- New taxes (income, sales, other)
- Other ideas (lottery, other)

Categories: Recurring State Spending

- Education
- Health/Social Services
- Public Safety
- Resource Management
- Infrastructure
- Permanent Fund Dividend
- All other programs