

We shouldn't waste the time before the budget wars begin again

Larry Persily, [Published October 21, 2019, Anchorage Daily News](#)

As the chances of [a special legislative session](#) this fall diminish, Alaskans have some extra time to think about how to fix the state's fiscal future next year.

The Legislature will convene in regular session in less than 90 days and no doubt the budget, public services and long-term finances will dominate the debates – as they should. We've confronted – and at the same time avoided – the problems since the 1990s. The indecision is hurting our communities and Alaska's economic future.

We've put off the decisions in election years for fear of punishment at the polls, and have been unable to solve them in non-election years because too many players are looking ahead to the next campaign.

All the while, the big-number options for balancing spending and revenues are unchanged despite years of arguing, spreadsheets and town halls: Cut state spending on public services; collect taxes from individual Alaskans, non-resident workers and/or visitors; increase taxes on oil production; use Permanent Fund earnings and adjust the calculation for the annual Permanent Fund dividend.

People can talk all they want about [railroads to Canada](#), roads to [remote Alaska mining districts](#), mythical North Slope [natural gas pipelines](#) and hypothetical benefits of being “[open for business](#)” (whatever that overused slogan means), but the mathematical reality is that none of the above politically inflated legends could ever produce enough state revenue to avoid the hard decisions on public services, taxes and the size of the PFD.

Our decisions should be based on reality, not dreams.

Those decisions on public services, taxes and the PFD are uncomfortable, even painful to many, and all are politically dangerous, maybe even politically deadly. But waiting any longer isn't going to make some new option appear out of nowhere or

make the problems go away, just like the broccoli isn't going to disappear from the 12-year-old's plate no matter how long he avoids it.

The solution is all of the above (minus the broccoli). Everyone benefits in the long term if everyone contributes. The odds of political success are better if everyone jumps together.

In the 1969 film, "Butch Cassidy and the Sundance Kid," Robert Redford and Paul Newman survived when they jumped off the cliff together. Sure, they were being chased by a posse for robbing a train – unlike Alaska, which is being chased by fiscal reality – but the solution is the same: Take the leap together.

Which means legislators and the governor – and the public – need to work next year toward a comprehensive plan for a healthy, stable long-term fiscal future for Alaska.

Which means permanently restructuring the dividend formula to an affordable level that can pay Alaskans for decades.

It means
spending enough on public services to protect and educate
Alaskans, while
building for the future, but resisting spending on programs
and special
projects that are beyond the role of government.

It means
looking at a broad-based tax on individuals, so that all
Alaskans, and the
guests who enjoy and prosper during their time in the state,
contribute.

And it means
the oil industry should not be excused from the collective
answer.

That doesn't
mean expecting the oil industry to solve all our problems with
one big check, like
the backers of the oil tax initiative promote. The industry
knows it will
always be a deep pocket in Alaska. What worries the decision-
makers in
corporate offices is the 40-year history that they are the
only pocket we reach
into. That attitude among many Alaskans, and the resulting
fear among the
industry, is destructive of future investment.

Our best
hope is that the higher-oil-taxes-solve-everything lobby, the
don't-touch-my-PFD lobby, the no-new-taxes lobby, and the cut-

spending lobby
will put down their signs, stifle their campaign rhetoric,
stop their Facebook
attacks and find an all-of-the-above compromise.

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