

# Poll: Alaskans prefer new revenue over deep cuts

Alex DeMarban: Alaska Dispatch News: August 13, 2015

Alaskans favor a combination of new revenue and spending cuts to help the state survive a fiscal crisis brought on by low oil prices and waning production, according to a poll released Thursday by the Rasmuson Foundation.

The results seem to be at odds with key Republican lawmakers who say their constituents prefer deep, aggressive cuts before new revenue is generated to help Alaska survive a \$3.5 billion budget gap.

The statewide poll, conducted by Strategies 360 of 1,206 registered voters in Alaska, found respondents prefer generating new revenue over deep spending cuts to essential public services such as education, roads, police and health care.

The poll found Alaskans prefer, in the following order:

- Tapping a portion of the earnings of the \$52 billion Alaska Permanent Fund.
- Introducing a statewide sales tax.
- Capping the annual dividend check sent to most Alaskans.
- Reducing tax credits to the oil industry.

Last on the list, by a strong margin, was a personal income tax. But even an income tax was preferred over deep cuts to essential services – by more than 2 to 1.

In a response showing support for a balanced approach to addressing the budget crisis, 42 percent wanted equal measures

of new revenues and cuts. Twenty-five percent wanted mostly spending cuts or only cuts. Another 25 percent wanted mostly new revenues or only new revenues.

The poll, called the "Alaska Attitude Survey on the State Fiscal Climate," was commissioned by the Anchorage-based Rasmuson Foundation as part of a statewide campaign on creating a fiscal plan.

In June, the foundation took a stand on some of the issues in the poll in a white paper, which said spending cuts alone would not close the fiscal gap.

The \$60,000 poll was conducted in July. Its unusually large sample size – Alaska polls usually reach no more than 1,000 respondents, while many number only in the hundreds – gives it a margin of error of 2.8 percent, meaning it was likely to be representative of the opinions of Alaskans at the time it was conducted.

The poll found most Alaskans are aware and anxious about the fiscal crisis, a problem brought into high profile after oil prices cratered from about \$100 a barrel last summer to around \$50 today.

The foundation over the last two weeks has shared the poll results with elected officials.

The state is currently drawing on savings built up when oil prices were higher. Ed Rasmuson, the foundation's chairman, said if the state continues to draw 85 percent of its revenue only from the oil industry, it will be broke by 2019 even if oil prices jump back to \$100 a barrel – something many analysts don't expect.

"These results show that Alaskans are ready to have the difficult deliberations about the sustainability of our state," Rasmuson said in a prepared statement. "And now our elected leaders need to lead. The Governor and Legislature

have the unenviable responsibility to make decisions that are going to be unpleasant, but necessary.”

Rep. David Guttenberg, D-Fairbanks, a member of the House Finance Committee, said the poll overlooked an important revenue-generating option: Reforming the oil-production tax. He said he’d prefer a broad solution that could include changing the oil-production tax, additional cuts and other money-raising measures.

He said he supports an income tax over a sales tax as part of a broad plan, because it would capture income from the state’s large nonresident workforce [5] that arrives in Alaska seasonally or for recurring, multiweek stints.

“There is so much income leaving the state on all those jobs, it is amazing,” he said. “I don’t like an income tax, but it’s one of the answers and we can put in clauses that cancel it out when we don’t need it.”

Cassandra Stalzer, communications director for the Rasmuson Foundation, said a production-tax overhaul was not part of the poll because the diverse group that discussed what to include – such as economists, business representatives and lawmakers – sought solutions that would make a large dent in the deficit and be accomplished within a year’s time.

Given that Alaska voters approved the current oil-production tax last summer – after a long and contentious debate – organizers of the poll felt an overhaul of the system would not happen within a year.

“We are not trying to protect the oil industry,” Stalzer said.

The foundation, criticized by one side of the political spectrum for not including a production-tax overhaul, was also taken to task by the other side for not advocating for deeper cuts.

Sen. Anna MacKinnon, a Republican and co-chair of the state Senate Finance Committee, said constituents in her Eagle River district continue to prefer cuts over revenue discussions.

With the state in a \$4 billion dollar hole, the revenue solutions alone won't close the gap, so more cuts are "mandatory," she said.

She said she'll continue to focus on reducing the state budget by corralling the three biggest expenses, K-12 education, health and social services, including Medicaid, and debt service that includes pension obligations.

"We're in the middle of a process to right-size government and bring up the confidence level of the people of Alaska that we are investing the money (properly)," she said.

But she said she's looking forward to hearing new revenue options once Gov. Bill Walker submits an economic plan [3], something expected in this fall.

"I'm waiting for that to come out, not to fire at it, but to fully explore it," she said.

Rep. Dan Saddler, an Eagle River Republican and vice-chair of the House Finance Committee, said he'll continue looking to cut unnecessary services created when oil prices were high, before looking for new revenue.

He said he was doing just that on Thursday. As chair of the finance subcommittee on health and social services, he and other members of the subcommittee were touring the agency in hope of finding programs that could operate more efficiently.

He wouldn't say what state programs are not needed.

"I'm not going to say 'X' program or 'X' division is not critical," he said. "I don't make that decision as an individual. That's a decision we will make as a Legislature."

The poll also weighed in on Alaskans' views of the "overall job performance" of their elected officials.

Fifty-three percent of Alaskans said they totally approve of the governor's job. Fifteen percent totally disapproved.

Thirty-two percent said they totally approve the Legislature's job performance. Forty-one percent said they totally disapproved.