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Dear Members of the 31st Alaska State Legislature:

Alaska Common Ground's Board of Directors urges you to pass legislation during the current session to generate enough new revenue to support the state operating and capital budgets. It is critical that the Legislature act now. The Alaska Legislative Finance Division projects that the budget deficit for the upcoming Fiscal Year 2021 will exceed \$1 billion and that deficits for later years will exceed an average of \$1.5 billion for the foreseeable future. The state's Constitutional Budget Reserve will only sustain the current budget for another year. Most options for generating revenue will take a year to put in place--we cannot delay another year.

Since our incorporation in 1991, Alaska Common Ground has held numerous public forums over many years to discuss and debate the state's fiscal situation. Our most recent event on February 11 focused on the four most likely scenarios for addressing the state's urgent fiscal challenge:

1) additional substantial budget cuts; 2) continuing to use more than 50 percent of Permanent Fund earnings to help pay for public services, even if that reduces Dividends; 3) reinstating broad based taxes (income or sales); and 4) raising oil taxes. The options were debated by a panel of eight Alaska leaders of widely varying views.

None of these leaders argued that budget cuts alone could erase the deficit. Experts agree that the deficit is so large and persistent that no one solution can be relied on to solve the state's fiscal crisis. Not taking big steps now will jeopardize the long-term sustainability of the Permanent Fund Dividend, if not the Permanent Fund itself.

Alaska Common Ground is a membership-supported, nonprofit, non-partisan organization. We provide accurate, unbiased information and facilitate discussions on Alaska's fiscal and other public policy issues. As our name suggests, we focus on finding areas of common ground, reducing divisiveness in our society, and increasing public awareness and understanding of significant public policy issues.

We urge the Legislature to take action during the current session to raise revenue and close the budget deficit to maintain our state's long-term fiscal health. Now is the time to forge a solution to this crisis.

Sincerely,

Dick Mylius, Chair
Alaska Common Ground