PERIL, POSSIBILITIES, AND A PATH:
Alaska's Flight to Somewhere

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Note from Cliff Groh

I have researched, written about, and given speeches over decades about Alaska’s public finances. Since circumstances have deteriorated even with all my efforts as well as those of others, I decided to move beyond writing op-eds and giving PowerPoint presentations to work with a cartoonist and specialists in graphics to prepare this booklet on Alaska’s fiscal crisis and the options to address that crisis.

This booklet aims to help increase understanding, dispel fantasy, and fight dishonesty and folly. It also expresses my values. At the end I offer a plan.

In the appendices, there is a glossary of key terms plus an Alaska fiscal timeline and notes on the sources for the numbers used in this graphic booklet.

Note on the cover: Alaska has a long history of aviation accidents and fatalities, and like many in our state I have known several people who have died in airplane crashes. Peter Dunlap-Shohl described the cover cartoon as showing Alaska’s fiscal trajectory as “controlled flight into terrain,” a frequent conclusion in post-crash investigations.
Chapter I: The Problem

We're in deep snow and our machine has broken down.

For more than four decades, the State of Alaska relied heavily on large amounts of money from oil production arriving each year — but that system of paying for teachers, roads, and police is no longer working.

Note: A shorter version of this document is available at www.cliffgroh.org.
Alaska oil production has fallen by 75 percent in the last three decades. Oil prices are down from previous highs, and won’t bounce back enough to compensate for this much lower Alaska oil production.
A long-run and persistent decline in Alaska oil production and volatile oil prices that are well below their historical highs have combined to put a big squeeze on the State of Alaska. This problem is not going away. It would take oil prices averaging $67 per barrel for the whole year to balance the budget in the current fiscal year (Fiscal Year 2021, which runs from July 1, 2020 through June 30, 2021). The Alaska Department of Revenue projects that through Fiscal Year 2029 oil prices will stay below $55 per barrel and Alaska North Slope oil production will stay under 500,000 barrels per day.
On top of dropping oil production in Alaska and dropping world oil prices, two other factors have had a negative effect on the State of Alaska’s oil revenues: the Legislature’s changes to the oil tax structure and the global COVID-19 pandemic.

First, oil taxes. Along with oil royalties, oil taxes provide the oil revenues that used to — but no longer — provide most of the revenues to the State of Alaska. Starting in 2006, the Legislature made changes to the main oil tax by which the State of Alaska gets revenues — the production or severance tax — and those changes have made the State’s revenues much more susceptible to sudden declines in the price of oil.

Second, there’s the coronavirus that has roiled 2020.

COVID-19 — in conjunction with an oil price war — forced oil prices down in the spring of 2020. Coronavirus also has the potential to drive down the demand for oil over the long run, both by hurting the economy and by giving incentives for working at home that lead to reduced driving.
Add it up, and Alaska’s oil revenues are way down from where they were eight or 10 years ago. And experts agree that oil prices are not likely to rebound to those high levels of 2008-2012 any time soon.

(Note: Unrestricted General Fund (UGF) revenues are the revenues the Legislature can spend (appropriate) for any purpose. Spending of UGF revenues is what is conventionally thought of in Alaska as “the budget.”)
The fall in oil revenues becomes even more pronounced when you adjust for population and inflation. Adjusted for inflation, oil revenues per Alaskan are now lower than they were before the Trans-Alaska Pipeline System (TAPS) was constructed and the big oil money started flowing into the State of Alaska’s treasury.

*Real* State UGF Oil Revenues *per Alaskan*, FY 1959-2020

(Notes: The State of Alaska had an individual income tax until it was repealed in 1980 that brought in as much as 25 percent of annual General Fund revenues in the 1970s (and about 40 percent of total tax revenues in the 1950s and 1960s). The base or reference year for inflation adjustment is Fiscal Year 2018. Put another way, this graphic is in Fiscal Year 2018 dollars.)
Alaska compounded its long-run problems of falling oil production and dropping oil prices by repealing its individual income tax in 1980 and putting all its fiscal eggs in the oil basket for decades. The individual income tax was “the leading and most stable source of Alaskan tax revenue” before oil revenues from Alaska’s North Slope arrived after the announcement in 1968 of the discovery of the supergiant Prudhoe Bay field.

Like the State of Alaska, the governments of Norway and North Dakota received sometime in the last 40 years large amounts of revenues from oil production. Unlike the State of Alaska, the governments of Norway and North Dakota did not end the substantial taxation of individuals when the oil revenues started to flow in, and Norway and North Dakota are in way better fiscal shape now than Alaska.
The State of Alaska has responded to the dropping oil revenues in four ways.

The State of Alaska:

- Cut traditional spending on conventional public services and provided fewer public services to Alaskans

- Stepped up its spending of savings in the Constitutional Budget Reserve Fund (CBR) and other accounts outside of the Permanent Fund Earnings Reserve Account (the State of Alaska has drawn from the CBR more than half of the years since the CBR was created 30 years ago)

- Cut Permanent Fund Dividends from what they would be under the statutory formula devised in the 1980s

- Started the substantial use of Permanent Fund Earnings to pay for both traditional public services and Permanent Fund Dividends

None of these policy responses have eliminated Alaska’s growing structural deficit.
The State of Alaska has a large and growing structural deficit that persists as far as the eye can see.

The deficit is more than $950 million in the current year (Fiscal Year 2021). The Alaska Legislative Finance Division projects a deficit of $900 million next year (Fiscal Year 2022) if the State doesn’t raise revenues while following the policies of the current year budget.

If the State of Alaska follows the law on all its obligations — including paying a full Dividend under the statutory formula, paying $80 million in school debt reimbursement, and $40 million in addressing the oil tax credits that are owed — the deficit is much larger. The Alaska Legislative Finance Division estimates that following current law would make the deficit for next year $2.4 billion, which would be 36 percent of UGF spending in FY22 — or half the non-Dividend spending under current law in FY22.

The projections show the annual deficit will stay large and even grow in future years.
Let’s talk about how big the projected deficit is for the next fiscal year. If the State of Alaska follows the laws on the books and does not raise new revenues, here is the size of the deficit compared to spending for FY22:

This projected deficit of $2.4 billion next year under current law works out to more than $3,300 for each man, woman, and child in Alaska.
Let’s look at spending. Spending rose when oil revenues were flowing heavily into the State of Alaska’s coffers. But spending has dropped substantially in the last decade.

State of Alaska Spending by Category, FY 1975-2021

(Note: This graphic includes all spending of Unrestricted General Fund (UGF) dollars and all spending for Permanent Fund Dividends, whose funding source changed in Fiscal Year 2019 to be almost entirely UGF.)
No matter what you may have heard, the State of Alaska’s budget is falling and has been falling for years.

After adjusting for population and inflation, the State of Alaska is spending less than it did before the flood of oil revenues started in the late 1970s.

(Note: The base or reference year for the inflation adjustment is Fiscal Year 2018.)
Even without adjusting for population and inflation, the State of Alaska’s spending has dropped 39% in the last eight years from a peak in Fiscal Year 2014, when oil prices were more than double what they have been in 2020.

(Note: This graphic includes all spending during these years on Permanent Fund Dividends, which were not funded with Unrestricted General Fund dollars between FY1983 and FY2018.)
This graphic gives a sense of where the budget reductions hit during a portion of the budget-cutting in recent years.

Agency Operations and Capital Budget Reductions, FY15-21

(Note: This graphic is in Unrestricted General Fund (UGF) dollars only.)
The easy budget cuts have been made, leaving the State of Alaska squeezed.

We’re still short — critically short — even after cutting the traditional budget, spending a whole bunch of savings, cutting Dividends, and starting to use Permanent Fund Earnings to pay for most of traditional spending AND Dividends.
Alaska’s system to get revenues and pay for the budget is complicated.
On the following page is a diagram of the State of Alaska’s money flow with the figures for Fiscal Year 2021 — which runs from July 1, 2020 through June 30, 2021. (You could call it the “Groh Flow.”)
Follow the Money
Alaska’s Financial flow, it’s complicated...

(Notes: The sizes of the boxes and the arrows are conceptual in that their sizes are not proportional to their relative amounts--if they were sized proportionally, the Permanent Fund principal would overwhelm the whole page. The balance shown for the Constitutional Budget Reserve Fund is the amount projected by the Alaska Legislative Finance Division for the end of Fiscal Year 2021. The amount shown for the Permanent Fund Principal includes both realized and unrealized gains as of the August 31, 2020 Financial Statement from the Alaska Permanent Fund Corporation. The “available” balance shown for the Permanent Fund Earnings Reserve Account is as of the same date and shows only realized earnings while excluding unrealized earnings and the amount committed for next year’s POMV draw.)
The looming giant deficits leave the State of Alaska facing a giant sea of red ink.
Add it up, and what we got isn’t working.

Our fiscal system — defined as the state budget and how we pay for it — is not matched to our reality.

Most of our state’s revenues came from oil development for decades and we still haven’t adjusted to the substantial drop in oil revenues or to the low level of our savings. We can’t rely on oil money the way we used to, and it sometimes seems like “Just Help Me Get Through the Night” is the state anthem.

The music stopped, and our back is against the wall now.
The State of Alaska’s revenue stream lacks the horsepower to deliver the education, health care, transportation, public safety, and other services Alaskans need.
The budget is dominated by K-12 education, health care, and Permanent Fund Dividends.

(Notes: This is Unrestricted General Fund (UGF) spending only. “Statewide” refers to Statewide Operations, which in FY21 is composed of 77 percent “State Payments to Retirement Systems” — which is in turn more than 98 percent payments on an installment plan to liquidate the unfunded liabilities of the Public Employees’ Retirement System (PERS) and the Teachers’ Retirement System (TRS) — and 23 percent Debt Service (payments to pay off bonds).)

Zeroing in more, the six biggest items in UGF spending this year are the K-12 foundation funding formula, Permanent Fund Dividends, the Medicaid formula, “State Payments to Retirement Systems,” the Department of Corrections, and the University of Alaska. Those six items together total $3.5 billion, which is two-thirds of the budget.
One big factor driving up the State of Alaska’s budget per capita compared to other states is that the State of Alaska pays many costs that local governments pay in other states. For example, the State of Alaska provides about 75 percent of the money for K-12 education in Alaska, while in other states the ratio of state to local government spending on K-12 education is closer to 50-50. The State of Alaska also pays for jails and much of the costs of prosecution, while those costs are largely or entirely paid for by local governments in other states.

Other examples of higher State of Alaska spending caused by greater state government responsibility in Alaska involve transportation. The State of Alaska pays for a number of roads in major boroughs such as Fairbanks North Star, Kenai Peninsula, and Matanuska-Susitna. The State of Alaska also owns more than 230 airports and runs a ferry system.

Given all the functions the state government performs in Alaska that local governments pay for in other states, cutting the State of Alaska’s budget significantly more would likely shift those costs to local governments and thereby produce substantially higher local taxes for Alaskans.

Cutting the State of Alaska’s budget substantially on top of the reductions already made would also result in furloughs and/or layoffs, increasing unemployment and deepening the recession created by COVID-19. The University of Alaska’s Institute of Social and Economic Research (ISER) found in 2016 that “Closing the deficit just by cutting state jobs would cost the economy the most jobs....” ISER estimated that each $100 million in budget cuts causes the loss of approximately 1,000-1,500 jobs across the economy. A big reason is that laid-off government workers will spend less at local small businesses and less on housing, thereby depressing housing prices.
The State of Alaska has exhausted one of Alaska’s emergency reserve funds (the Statutory Budget Reserve) and driven down the other—the Constitutional Budget Reserve or “CBR”—to such a low level that the Alaska Legislative Finance Division has stated that “Whatever the scenario, it is unlikely that the CBR will have sufficient cash to cover appropriations or General Fund cash borrowing beyond FY21 [Fiscal Year 2021, which is the current fiscal year].” The Alaska Legislative Finance Division notes that all the other funds the State holds outside the Permanent Fund total less than $1.6 billion and are maintained for special purposes.
Spending what’s left of the savings is politically easier for the Legislature and the Governor.
Now all of the spendable savings are effectively gone outside of the Permanent Fund Earnings Reserve Account.

(Notes: The projected Permanent Fund Earnings Reserve total of $11.70 billion for the beginning of FY22 in the graphic above includes both realized earnings and the amount committed for the FY22 POMV draw. Accounting for unrealized gains at the end of FY21, the projected total balance of the Permanent Fund Earnings Reserve would be $13.278 billion. Most of the money held in designated funds outside the Permanent Fund Earnings Reserve are held in the Power Cost Equalization Fund ($1.1 billion) and the Higher Education Fund ($0.3 billion).)
How the Permanent Fund Earnings Reserve Account Works, and Why Handling It Right Is So Important

— The Permanent Fund Earnings Reserve Account is not a rainy day account like the Constitutional Budget Reserve. The Earnings Reserve Account is instead like an inheritance which generates income over the long run if you don’t overspend it.

— The Legislature adopted a law in 2018 establishing the Permanent Fund Earnings Reserve Account as the centerpiece of a new Percent of Market Value (POMV) system which relies heavily on a sustainable draw of Permanent Fund earnings to finance most of the budget. This year (Fiscal Year 2021) the POMV draw from the Earnings Reserve Account provides more than 70 percent of the State of Alaska’s Unrestricted General Fund revenues.

— The POMV draw each year--currently 5.25 percent, going to 5 percent starting next fiscal year--is designed to be the maximum sustainable draw so as to maintain the inflation-adjusted value of the Permanent Fund in perpetuity.

— Any draws in excess of this level deplete the Permanent Fund over time.

— Each $1 billion spent in excess of the sustainable level reduces every future year’s POMV draw by $50 million forever--thus increasing the future deficit(s).

— The Permanent Fund Earnings Reserve Account is as vulnerable as it is important given that the Legislature can spend all of it with a simple majority vote (assuming that any veto by the Governor is overridden). The Permanent Fund Principal, by contrast, can only be spent if there was a constitutional amendment permitting such spending.
Under the new POMV system, the State of Alaska has become heavily dependent on spending from the Permanent Fund Earnings Reserve Account to pay for the budget — both traditional services and the Permanent Fund Dividend.

Percentage of UGF Revenues from the Permanent Fund Earnings Reserve Account

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Percentage of Total UGF from PF-POMV</th>
</tr>
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<tbody>
<tr>
<td>2019</td>
<td>50.00%</td>
</tr>
<tr>
<td>2020</td>
<td>70.00%</td>
</tr>
<tr>
<td>2021</td>
<td>80.00%</td>
</tr>
</tbody>
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Here’s another way to see how much the POMV draw brings in compared to other revenue sources.

State of Alaska Unrestricted Revenue Sources, FY19

(Note: FY19 is the most current information available at the time of publication.)
For 40 years, politicians have promised solutions that have never panned out. Our elected officials need to actually solve our problems and not run off on wild goose chases. A list of ideas that might sound good but can’t save Alaska include: easy or small budget cuts; a gas line; development of the Arctic National Wildlife Refuge (ANWR); massive increases in oil production generally; and a federal bailout of the State of Alaska.
Given that more petroleum development has long been hailed as a savior for Alaska’s public finances, we should review some of the variety of reasons oil and gas are highly unlikely to bail out our state’s fiscal system.

- The State of Alaska’s oil production tax allows the determination of liabilities across North Slope oil fields. If a company has production at one field and another field in development, the lease expenditures at the field in development could lower the producing company’s total tax liability. As oil prices go up, under current law this provision means that money spent developing those oil fields will actually reduce oil production tax revenues in the short run.

- A substantial amount of any new oil production in Alaska would occur on land owned by the federal government, so there would be no royalties paid to the State of Alaska based on land ownership. In the National Petroleum Reserve — Alaska (NPRA), the State of Alaska would receive the federal royalty, but that money would be dedicated to the impacted communities on the North Slope and not go to the General Fund.

- Experts agree that commercialization/monetization of the natural gas on the North Slope is farther away today than it was 15 years ago, and there may never be a gas line or other such project.

- Then there’s coronavirus and climate change, both of which are expected to reduce the long-run demand for oil.
Alaska has an unusual fiscal policy. Every other state has either an income tax or a statewide sales tax, and almost two-thirds of the states have both. Our state is also the only place in the world with a Permanent Fund Dividend.

Our fiscal politics is unique and highly complicated. Alaska’s complicated money politics has helped stop a realistic fix of Alaska’s crisis in paying for public services Alaskans rely on.

The roles of the Permanent Fund Dividend, the Permanent Fund, and oil taxes give Alaska the most complicated fiscal politics in the U.S., more so than more populous states like California, New York, Illinois, Florida, and Texas. The results of our highly complicated fiscal politics include unique political cleavages and unusual political coalitions.
In most places, politics sets up clashes between two sides. In Alaska, there are instead three, four, five, or maybe six sides in the debates over our state’s public finances. These sides sort themselves mostly by what each side most opposes or fears. When it comes to addressing Alaska’s fiscal crisis, a whole bunch of Alaskans know what they’re dead set against, not what they could be for.
We’ve been slowed down by blind hope. We’ve also been held back by blind faith that we can cut the budget to match the existing revenues without adding new revenues.
As reality has gotten grimmer, the fantasies have become more fantastic. Paying the “Back Dividends” would require an amount about as large as the annual budget.

The “Back Dividends” describes the amounts of money that would have been paid as Dividends under the statutory formula for Dividends devised in the 1980s but were not paid because the Legislature and/or the Governor have taken actions to pay smaller Dividends starting in 2016 (making Fiscal Year 2017 the first year that the statutory formula was not followed).
The total amount to pay the “Back Dividends” is $4.4 billion. Paying a full statutory Dividend for Fiscal Year 2022 (calendar year 2021) would cost another $2 billion. So catching up on Back Dividends and starting again under the statutory formula next spring would cost $6.4 billion, close to $2 billion more than what the State of Alaska spends on K-12 education, health care, public safety, transportation, the University of Alaska, managing fish and game, and every other traditional public service in fiscal year 2021.
We need to quit listening to politicians who make promises that they cannot keep.

We must instead face the actual options, as unpleasant as they may seem.
The goal for Alaska should be to come up with an approach that is realistic, fair, and sustainable. Let’s go through some approaches that can’t meet those standards.

**Living off the Permanent Fund alone**—It is unrealistic to address the structural deficit through the sole strategy of building up the Permanent Fund’s principal to a point that the State of Alaska could just live off the earnings, because it is widely thought that this implies a principal of $100 billion or more, and the risk now is that we will go in the other direction. Additionally, some observers have speculated that the Permanent Fund could use different investing strategies to improve investment returns and thereby increase revenues. Given that the Permanent Fund has seemed well-managed compared to other large institutional funds, it seems much more likely that tweaking the investments alone would be insufficient to solve the long-run structural fiscal deficit.

**Drastically cutting the budget alone**—It is not fair, realistic, or sustainable to address the structural deficit by relying solely on massive cuts to the budget. This approach would impose unacceptable costs such as putting 50 students in a high school classroom (which would be too many students to have desks for). With the savings in the emergency budget reserves gone and the revenues expected to grow very slowly, the deficits are only expected to get bigger.

Particularly after next year, closing that deficit by relying only on reductions to the traditional budget would have significant negative impacts on schools, the University of Alaska, public safety, highways, ferries, the courts, health care, social services, and more. Alaska would become a less attractive place to live and people would leave, severely impacting the state economy. As overall public services deteriorate and the economy falters, social problems and crime will rise. Alaska would be less attractive to new businesses. A cuts-only
approach would be particularly unfair and unsustainable if--as has been suggested--the cuts are concentrated on programs which benefit mostly rural Alaskans.

**Overdrawing the Permanent Fund**--It is unfair and unsustainable to overdraw or overharvest the Permanent Fund as the main approach to address the structural fiscal deficit. Spending away the Permanent Fund Earnings Reserve Account takes money away from future generations to satisfy the needs of the present generation. After the Permanent Fund Earnings Reserve Account is exhausted, the logic of the spend-the-savings plan would lead to a constitutional amendment to allow the spending of the Permanent Fund principal. The Permanent Fund was meant to turn short-term resource development revenue into a legacy for future generations. Spending from the Permanent Fund principal defeats that purpose.

**Borrowing from banks, other lenders, or the federal government as the sole strategy**--Borrowing is traditionally used for capital improvements such as roads, airports, and other structural development or repair. Borrowing for operating expenses is unconstitutional and also merely makes future generations pay for the services we receive today and adds to the State’s long-term debt as well. Without any broad-based taxes to pay off this debt, it would be costly and difficult to receive loans for operating expenses. The downgrades in the State’s credit ratings in recent years reflect that reality.

**Diversifying and expanding the state’s economy**--This long-term strategy cannot be the sole savior of Alaska, particularly with our state’s current policies. Economic growth and diversification require an educated and trained workforce, and for that a strong University of Alaska is particularly important. The lack of a broad-based source of tax revenue cripples Alaska’s ability to provide the additional or improved schools, transportation, public safety, and other services
from the State of Alaska that are required by population increases that accompany new development. The University of Alaska’s Institute of Social and Economic Research (ISER) has labeled this problem the “Alaska Disconnect.” New resource developments (including mining) do not generate anywhere near the amount of revenue as oil, which has a very different set of economic factors.

**Massive federal bailout for Alaska alone**--The possibility of Congress appropriating a giant amount of money to Alaska to save the state is a complete mirage given the existence of the Permanent Fund.

*To reach a realistic, fair, and sustainable approach, the options are to raise oil taxes, institute broad-based taxes, reduce Dividends, and/or cut traditional public services.* Let’s go through those options along with some pros and cons.

**Raising oil taxes**--Raising oil taxes would increase the State of Alaska’s revenues, but it could also reduce oil production in the future. The long-term decline in Alaska oil production and the relatively lower oil prices seen in recent years (and expected in the future) mean that raising oil taxes cannot be the sole solution to the State’s structural deficit, although an oil tax increase could be part of an overall approach. If approved, the oil tax initiative on the ballot in November would reduce the deficit but not eliminate it. If the initiative became the law, the revenues raised would depend largely on oil prices. The Alaska Department of Revenue estimates that the initiative would raise $224 million annually at $35 per barrel and $1 billion at $75 per barrel. At $45 per barrel--closer to the forecasted price for next year (FY22)--the Department of Revenue estimates that the initiative would raise $373 million a year. Regardless of the initiative, the Legislature could also address changes to oil taxes. The Legislature could also amend any initiative that passed, although the Constitution prevents the Legislature from repealing any law enacted by an initiative within two years after the initiative passed.
Instituting broad-based taxes--The two most commonly discussed broad-based taxes are an income tax and a sales tax. Alaska had a state income tax between 1949 and 1980 that financed much of the State of Alaska’s budget before the arrival of oil revenues from the North Slope. During most of its existence, Alaska’s previous income tax was based on a percentage of the federal income tax. If the same system were reinstated, those who pay no federal income tax would pay no state income tax, and those who do pay federal taxes would pay state taxes on a sliding scale, depending on income. Those who earn money in Alaska but live elsewhere would also pay taxes on Alaska-earned income. The Alaska House of Representatives passed a bill establishing a state income tax in 2017 that failed in the Senate that would have raised approximately $700 million per year when fully implemented. Setting aside the effects of Permanent Fund Dividends, adopting that 2017 income tax proposal would have left Alaskans with the second-lowest total state tax burden in the U.S. (only New Hampshire would have been lower). An income tax approved by the Legislature in 2021 would not generate revenue until 2022 at the earliest, although the first revenues would most likely arrive in 2023. Some oppose an income tax on the theory that it penalizes work.

A state sales tax could be structured to raise as much as an income tax. To many this seems preferable to an income tax because individuals control their spending. But a sales tax hits those who have the least income the hardest. Although Alaska has never had a statewide sales tax, more than 100 local governments rely heavily on sales taxes that range up to 7.5 percent. Establishing a statewide sales tax would mean a second layer of sales tax in incorporated areas that currently have a sales tax and could make for some high combined rates in those communities. Another problem with a sales tax is the particularly harsh effects in the more than 200 communities
in Alaska off the road system that are only accessible by plane or boat. Everything costs more off the road system, particularly in Bush villages. Staples like milk and bread typically cost two to three times as much in villages as in Anchorage or Juneau, so some Alaskans will be paying 2-3 times as much tax as others for the same commodities. A sales tax approved by the Legislature in 2021 would not generate revenue until 2022 at the earliest, although — once again — the first revenues would probably not come until 2023.

Continuing to reduce — or eliminate — the Dividend. The Permanent Fund Dividend was established in 1982 for a number of reasons, including helping to protect the Permanent Fund and to spread universally some of the benefits of the State of Alaska’s oil wealth. Dividends are particularly important in the Bush—where incomes are lower than in urban areas—but Dividends aid poor people in cities as well. Cutting Dividends would reduce incomes in Alaska more than other policy responses such as adopting taxes or cutting the budget for public services. As ISER noted in 2016, Dividend cuts disproportionately affect lower-income Alaskans, who spend more of their incomes than higher-income Alaskans do. In an era of increasing inequality, Dividends have helped make Alaska the state with the lowest income inequality. Cutting Dividends to avoid instituting an income tax is a gift to the rich. Some Alaskans make plenty of money—surgeons, for example, have made up to $5.5 million in net income per year performing operations in our state. The continuing argument over Dividends, however, has dominated and distorted the fiscal debate in Alaska, and following the statutory Dividend formula is impossible absent a plan to pay for vital public services Alaskans need.

Cutting the budget more—There could be a role for some additional budget cuts, but the low-hanging fruit is gone after years of budget reductions. There are also clearly some areas of state spending — such as the capital budget — where spending should go up from the low levels of the past couple years. After adjusting for the growth in
inflation and population, the budget last year — Fiscal Year 2020 — is lower than the budget in Fiscal Year 1979, the first fiscal year after the Trans Alaska Pipeline System opened and the big oil money started to flow regularly into the State of Alaska’s treasury. Recall also that many proposed cuts to the State of Alaska’s budget will merely shift spending to local government taxpayers. Additional smaller and targeted budget cuts could be part of a package deal with revenue measures to address the structural deficit, but we need to still leave an Alaska Alaskans want to live in.
Given that Alaskans often lack important information on tax burdens, here’s a graphic showing combined state and local tax burdens in each state. For a family earning $75,000 a year — just about the median household income in Alaska — the family in Alaska would pay the lowest combined taxes on income, property, sales, and auto of any of the states. (And of course only Alaskans receive Permanent Fund Dividends.)

Map 7: Combined 2018 Tax Burdens (Income, Property, Sales, & Auto) as a % of Income (Family Earning $75,000/Year)

Source: ORA Analysis. The lighter blue shading represents a lower tax burden.
Here’s another analysis focusing only on families making $75,000 per year in the biggest city in each state and the District of Columbia. Once again, note that residents of Alaska’s biggest city—Anchorage—are at the bottom of this graphic because they pay the lowest combined taxes compared to the residents of all those other major cities. (And once again, if Permanent Fund Dividends were counted, the Alaska family’s combined state and local tax burden might be negative.)

Chart 1c: 2018 Estimated Burdens of Major Taxes for a Hypothetical Family Earning $75,000/Year
Although this is not how people usually talk about our system of paying for the services we get, Alaska’s fiscal system seems to be set up for high earners who want to leave Alaska soon.
Although it is widely known that Alaska is the only state with a Permanent Fund Dividend, it is very important but less understood that Alaska is the only state with no form of a broad-based tax. About two-thirds of the states have both a state income tax and a state sales tax.
Three Big Questions:

— How do we create a realistic and sustainable budget that meets Alaskans’ needs fairly?

— Who pays?

— Who stays?

The response to our fiscal crisis can’t either be to go for small cuts as the only solution or alternatively give up all hope.

Delay is our biggest problem now. Alaskans have a big problem and we have to deal with it now. Since the State of Alaska spent most of its emergency reserves, punting on Alaska’s fiscal crisis not only increases our future risk but also increases our deficit.

All the barriers to addressing our crisis are political, not financial. We can choose to save ourselves.
It is not enough to say what you are AGAINST--YOU MUST say what you are FOR.
In that spirit, here's one plan that works.

1. Alaska needs to bring back a broad-based tax — like every other state has and like Alaska had between 1949 and 1980. The most fair broad-based tax that would capture income made by non-residents in Alaska would be a state income tax, like Alaska used to have. An income tax like the one in the bill passed by the Alaska House in 2017 would raise approximately $700 million per year when fully implemented.

2. An increase in oil taxes should be considered as part of a package to address our state’s fiscal crisis. The increase should be in the range of $200-$400 million per year.

3. To prevent continual overspending of the Permanent Fund and a disruption of the revenue flow that will continue to provide more than half of our state’s revenues, Alaskans need to adopt a constitutional amendment that puts the POMV system in the Alaska Constitution.

4. Alaskans need to amend the Alaska Constitution to guarantee a Permanent Fund Dividend at a sustainable level.

5. We need to watch carefully for specific and targeted budget cuts while recognizing that the budget might need to increase on net to cover critical unmet needs in the capital budget and other areas.

6. Barring highly unlikely events, Alaska will temporarily need to use some Permanent Fund earnings beyond sustainable limits as a bridge. Such use should only occur if the bridge has an end—that is, if there is a realistic plan to convert to a sustainable system.

7. In a package deal to resolve Alaska’s structural fiscal deficit, a one-time jumbo Dividend might be useful as a sweetener to help secure passage.
Broad-based taxes are taxes paid by a broad group of people. An example of a broad-based tax would be a tax on income or on sales, which are paid by people who make income or buy things — that is, most people. An example of a narrow-based tax would be a tax on the production of oil or minerals, which is paid by the relatively small number of entities who produce such commodities. Another example of narrowly based taxes are taxes on tobacco or marijuana.

The Constitutional Budget Reserve Fund is a fund created by an amendment to the Alaska Constitution adopted in 1990. The amendment provides that money received by the State of Alaska through the settlement of disputes regarding oil taxes and royalties (as well as disputes over mining taxes and royalties) shall be deposited into the CBR (or CBRF). The constitutional amendment allows for spending (also called appropriation) from the CBR, and also provides for repayment into the CBR of that money spent. Under most circumstances, spending money in the CBR requires a supermajority of the Alaska Legislature — $\frac{3}{4}$ of each chamber.

A fiscal year is the 12-month period used by an entity to measure revenues (the term a government uses to describe the money coming in) and appropriations (the term a government uses to describe the money going out). The State of Alaska uses the period of July 1 through June 30 as its fiscal year. In Alaska, Fiscal Year 2021 runs from July 1, 2020 through June 30, 2021.

The General Fund is the State of Alaska’s major source of discretionary funding for general government — the money available
to pay for government operations, basic services, and capital improvements. As noted by the website “Understanding Alaska’s Budget,” all other funds held by the State of Alaska are designated or restricted, which means the state government is required to spend them on specific programs or projects. (You can think of the General Fund as the State of Alaska’s checking account.) The **Unrestricted General Fund (UGF)** is that portion of the General Fund which is not designated or restricted, meaning that the Legislature can appropriate UGF money for any purpose. UGF spending is what is conventionally thought of in Alaska as “the budget.” Spending by the State of Alaska falls into four categories: Agency Operations; Statewide Operations; Capital; and Permanent Fund Dividends. **Agency Operations** is the spending on operations by departments to provide services, like the Department of Education (which provides about 75 percent of the funding for K-12 education); the Department of Transportation & Public Facilities (which--among other things--maintains the State of Alaska’s highways and ferry system); and the Departments of Natural Resources, Law, and Revenue. **Statewide Operations** is the spending for operations on a statewide basis, including the payments to liquidate the unfunded liabilities of the State of Alaska’s pension systems and the payments to liquidate the State of Alaska’s bonds. **Capital** spending is for projects that help maintain or improve assets of the State of Alaska and is often called spending on infrastructure. See below for a definition of **Permanent Fund Dividend**, and note that the amount of the one-time Resource Rebate paid in 2008 is included in the spending category of Permanent Fund Dividends in the graphics in this booklet.

**Oil revenues** received by the State of Alaska are composed of oil taxes and oil royalties. The State of Alaska collects oil taxes in its role as the government. The State of Alaska collects oil royalties, on the other hand, in its role as the owner of the land upon which the great majority of oil has been produced in Alaska.
The Permanent Fund is a fund established by an amendment to the Alaska Constitution adopted in 1976. The constitutional amendment creates two entities: the Permanent Fund principal and the Permanent Fund earnings (also called “income” from the Permanent Fund). The Permanent Fund principal is a savings fund which cannot be spent without another constitutional amendment (which would require a vote of the people). The Permanent Fund earnings, on the other hand, can be spent by a simple majority of the Legislature and are held in the Permanent Fund Earnings Reserve Account. Under a law the Legislature adopted in 2018, the Permanent Fund Earnings Reserve Account is the source for most of the State of Alaska’s Unrestricted General Fund spending. That law adopted in 2018 — often known by its legislative designation as Senate Bill 26 (SB 26) — provided that the Legislature should only spend each year an amount that would prevent the Permanent Fund Earnings Reserve Account from shrinking. That sustainable level of annual spending is set by the law enacted in 2018 as 5.25 percent of the market value of the Permanent Fund (defined as the principal and the Permanent Fund Earnings Reserve Account combined) and drops to 5 percent starting on July 1, 2021. (The law adopted in 2018 as Senate Bill 26 is sometimes said to have created a system of “Percent of Market Value,” or “POMV.” The amount paid each year to the General Fund to cover the State of Alaska’s spending is the “POMV draw.”)

The Permanent Fund Dividend (the Dividend) is an annual payment from the State of Alaska to all Alaskans who meet the eligibility requirements and who apply. In 2018, the number of Dividends paid was equal to approximately 87 percent of the state’s population. The method of determining the annual amount and the source of funding for Dividends have both changed substantially since Dividends were
first paid in 1982. Before 2016, Dividends were paid pursuant to a statutory formula devised in the 1980s. Starting in 2016, each year Dividends have been paid based on appropriation by the Legislature and/or veto by the Governor. Before the adoption of Senate Bill 26 establishing the POMV system in 2018, Dividends were paid out of Permanent Fund earnings. Starting in 2018, most funding for Dividends has passed through the General Fund. “Paying Back Dividends” refers to the idea of paying as Dividends the amounts of money that would have been paid as Dividends under the statutory formula for Dividends devised in the 1980s but were not paid because the Legislature and/or the Governor have taken actions to pay smaller Dividends starting in 2016 (making Fiscal Year 2017 the first year that the statutory formula was not followed).

The real value of money is the value of money after adjusting for inflation’s effect on the purchasing power of that money. Given that inflation means that prices rise over time, the same unit of currency — whether $1 or $1 million — buys less than it did some years ago. Using the real value of money allows a fair comparison over a time period that is not permitted by using the nominal value of money (also known as “dollars of the day”). Each graphic that is labeled as “real” or “adjusted for inflation” uses an Alaska-based Consumer Price Index (CPI) to measure inflation with Fiscal Year 2018 (FY18) being the base year.

The Statutory Budget Reserve Fund was a fund created by the Legislature in 2013 from “appropriations of excess money” received by the State of Alaska. This fund exists, but it now longer holds any money.
**Alaska Fiscal Timeline**

1949 Territorial Legislature adopts income tax, property tax, and uniform business tax after fiscal crisis hits the Territory of Alaska so severely interest-free loans from private individuals and entities are required to keep the University of Alaska open.

1959 Statehood comes after discovery of oil in 1957 in Swanson River field in Cook Inlet region helps give confidence to Congress that Alaska could support itself as a state.

1964 State of Alaska selects land at Prudhoe Bay on Alaska’s North Slope as part of its grant of 103 million acres of federal land at statehood.

1964 Good Friday Earthquake in Southcentral Alaska produces massive inflow of federal recovery funds, as Congress authorizes more than $1.20 billion in aid for Alaska.

1968 Announcement of the largest oil find ever discovered in North America at Prudhoe Bay on Alaska’s North Slope, this event heralds the beginning of the era of Big Oil in Alaska.

1970 A consortium of oil companies announces plans to build a hot oil pipeline from Prudhoe Bay on Alaska’s Arctic coast to Valdez, an ice-free port on Alaska’s South coast; the name of the project is the Trans Alaska Pipeline System (TAPS).

1971 President Nixon signs into law the Alaska Native Claims Settlement Act (ANCSA), which extinguishes aboriginal claims to land while creating Alaska Native core $1 billion in cash; this legislation removes significant barrier to the construction of TAPS.

1975 Following congressional action to authorize the construction of TAPS, workers lay the first section of pipe for TAPS.

1976 Voters adopt constitutional amendment establishing Alaska Permanent Fund, which provides that 25 percent of oil royalties (but not oil taxes) are deposited in this fund whose principal (or “corpus”) cannot be spent without another constitutional amendment; this exclusion of oil taxes from the constitutional amendment means that the annual percentage of total Alaska oil revenues going into the Permanent Fund pursuant to the Alaska Constitution is closer to 10 percent than 25 percent; the constitutional amendment is added to the Alaska Constitution as Article IX, Section 15 and reads: Alaska Permanent Fund.

1979 Fall of the Shah of Iran contributes to the second oil shock of the 1970s, Oil prices on a nominal basis are over 10 times higher in 1980 than in 1970.

1980 Alaska State Legislature passes legislation repealing individual income tax, ending a key revenue source that had been collected in Alaska since the Territorial Legislature created it in 1949; Alaska’s income tax brought in about 40 percent of Alaska’s total tax revenues in the 1950s and 1960s before petroleum revenues overshadowed income tax revenues in the 1970s.

1980 Alaska State Legislature adopts management legislation for the Alaska Permanent Fund that makes it an investment fund instead of an economic development bank.
2004 Alaska State House adopts two measures aimed at using significant amounts of Permanent Fund income in the General Fund budget; the first measure would put on the ballot a constitutional amendment for a Percent of Market Value (POMV) approach for calculating the payout from the Permanent Fund by setting it at a maximum of five percent; the second measure would amend the statutes to split that payout by distributing 50 percent to Permanent Fund Dividends, 45 percent to education, and five percent to support communities and municipalities; both measures die in the Alaska State Senate

2002 Alaska State House adopts legislation that would enact an individual income tax; the income tax provided for in the legislation would mimic the effect of a sales tax and thus was explicitly regressive, with persons with lower incomes paying a higher tax rate than persons with higher incomes; the legislation dies in the Alaska State Senate

2007 Following arrests of multiple state legislators in federal corruption probe relating to bribes paid by executives of oil services contractor VECO, Alaska State Legislature adopts legislation called Alaska's Clear and Equitable Share (ACES) that raises taxes on oil production at higher oil prices

1986 Collapse in oil prices and collapse in State of Alaska’s oil revenues contributes to population and employment declines that last through 1988

1988 Alaska North Slope oil production peaks at more than 2 million barrels North Slope oil production has been less than 500,000 barrels per day

1982 State of Alaska pays first Permanent Fund Dividends pursuant to per capita Permanent Fund Dividend legislation adopted that year as a backstop plan that went into effect after the U.S. Supreme Court struck down as unconstitutional the original plan passed in 1980 that paid Alaskans different amounts based on their length of state residency (that plan adopted in 1980 was sometimes called “the longer you’re here, the more you get”)
2013 Alaska State Legislature adopts legislation called the More Alaska Production Act (MAPA) that reduces taxes on oil production at higher oil prices; this legislation is also known by its legislative name Senate Bill 21 (SB 21)

2014 Oil prices begin slide that leaves Alaska North Slope crude prices more than 50 percent lower than as of January of 2017 than they were in June of 2014

2014 A majority of voters vote “No” on a referendum to repeal the More Alaska Production Act, leaving that law in effect.

2015 Gov. Walker proposes in December of 2015 a “New Sustainable Alaska Plan” that included additional budget reductions beyond those cuts that had already occurred—plus five elements of new revenue:

- **Permanent Fund** restructuring/replumbing ($3.2 billion)
- **Oil tax changes** to credits and other provisions ($500 million)
- **Income tax** ($200 million)
- **Other taxes** ($159 million—motor fuel the biggest and alcohol 2nd biggest)
- **Earnings** on savings ($135 million)

2016 Permanent Fund restructuring legislation passed Senate, but died June 17, 2016 in House Finance Committee by a 5-6 vote that featured bipartisan opposition

2016 Gov. Walker announces on June 29, a veto of slightly less than half of the appropriation for the Permanent Fund Dividend to be paid in the fall of 2016; the reduction was $696 million of the $1.362 billion appropriated by the Legislature; the effect was to reduce a Dividend expected to be $2,049 to $1,000. The Alaska Supreme Court ruled in 2017 that this action was constitutional.

Gov. Walker’s reduction of the amount of the Dividend in 2016 from what the payment would be under the formula set out in statutes adopted in the 1980s is the first year of five years in a row in which the Dividend is reduced; after 2016, the reductions were done by the Legislature.

2018 The Alaska Legislature adopts Senate Bill 26, legislation which establishes a system for draws on Permanent Fund earnings to pay for the general expenses of the State of Alaska; this legislation provides for the first significant use of Permanent Fund earnings in the General Fund, which pays for traditional state services; previously Permanent Fund earnings had been reserved for the payment of Permanent Fund Dividends and expenses related to those payments of Dividends.

2017 The Alaska House of Representatives passed a bill to establish an income tax in Alaska that would have raised approximately $700 million per year when fully implemented; the bill failed in the Alaska Senate in 2018.
Cliff Groh is a lifelong Alaskan who has studied for four decades how the State of Alaska collects, saves, and pays out money (also called the “fiscal system”). After many years of speaking and writing about Alaska’s structural deficit and warning about the coming crash—yet seeing the state’s circumstances get worse—he decided to work with a cartoonist and graphic specialists to produce this graphic booklet.

Groh was the legislative assistant who worked more than any other on the legislation in 1982 creating the Permanent Fund Dividend that has been paid every year since then. While serving as Special Assistant to the Alaska Commissioner of Revenue in 1987-1990, Groh was heavily involved in a successful effort to pass legislation that raised oil taxes on net. He was an invited participant to the Walker-Mallott administration’s forum on Alaska’s future in 2015 at the University of Alaska Fairbanks and a delegate to the Conference of Alaskans in 2004 called by Gov. Frank Murkowski. He has taught a course he created at the University of Alaska Anchorage entitled “Navigating Alaska’s Fiscal and Economic Challenges.” He practiced law in Alaska for three decades and ran for the Alaska Legislature in 2018.

Groh authored or co-authored four chapters in academic books about the Permanent Fund Dividend and Alaska fiscal policy. The University of Alaska’s Institute of Social and Economic Research (ISER) published in 2018 his paper on the unfunded liabilities of the Public Employees' Retirement System (PERS) and the Teachers’ Retirement System (TRS).

Peter Dunlap-Shohl worked as a cartoonist for the Anchorage Daily News for 25 years. He has won various prizes, including the First Amendment Award from the Alaska Press Club. His book My Degeneration: A Journey Through Parkinson’s was published in 2015. His blog Frozen Grin tends toward the humorous and the topical, while his blog Off & On: The Alaska Parkinson’s Rag features news and commentary about the disease. His next book is on nuclear testing in Alaska.

Quentin Bidwell graduated from Whitman College in 2020 with a bachelor’s degree in mathematics and economics. He has served as an intern with the Alaska Department of Revenue. A video he made about Alaska’s fiscal challenge in 2015 was shared widely on social media, including by the Governor.

Nathan Bradford is a financial analyst at an Anchorage financial institution. He is scheduled to graduate from the University of Alaska Anchorage in December of 2020.
NOTES ON SOURCES

Page

6  “Alaska oil production has fallen by 75 percent”: Alaska Department of Revenue, *Revenue Sources Book, Fall, 2018*, p. 44; and Alaska Department of Revenue, *Revenue Sources Book, Spring, 2020*, p. 19. All the editions of the Revenue Sources Book can be found at [http://tax.alaska.gov/programs/sourcebook/index.aspx](http://tax.alaska.gov/programs/sourcebook/index.aspx).


7  “It would take oil prices averaging $67 per barrel”: E-mail message from Alexei Painter, Director of Alaska Legislative Finance Division, Oct. 13, 2020.


8  “Starting in 2006, the Legislature made changes to the main oil tax”: Communications with Ken Alper, former Tax Division Director, Alaska Department of Revenue; and e-mail message from Conor Bell, Fiscal Analyst, Alaska Legislative Finance Division, Oct. 9, 2020.

9  “And experts agree that oil prices”: See, e.g., Alaska Department of Revenue, *Revenue Sources Book, Spring, 2020*, p. 18.


10 “The State of Alaska had an individual income tax until it was repealed in 1980 that brought in as much as 25 percent of annual General Fund revenues in the 1970s (and about 40 percent of total tax revenues in the 1950s and 1960s)”: Maria Hanson,


https://pfd.alaska.gov/Division-Info/Summary-of-Applications-and-Payments; and e-mail message from Conor Bell, Fiscal Analyst, Alaska Legislative Finance Division, September 9, 2020. (Note that this graphic does not include the one-time Resource Rebate of $1,200 paid in 2008.)

17 “Real State Spending by Category per Alaskan, FY1975-2020” graphic: Alaska Legislative Finance Division, “Budget History Data (Excel)” dated January 15, 2020, found at https://www.legfin.akleg.gov; Alaska Department of Revenue Permanent Fund Dividend Division, “Summary of Dividend Applications & Payments,” found at https://pfd.alaska.gov/Division-Info/Summary-of-Applications-and-Payments; and an e-mail message from Conor Bell, Alaska Legislative Finance Division, September 9th, 2020. (Note that this graphic does not include the one-time Resource Rebate of $1,200 paid in 2008.)


27 “UGF FY21 Budget Swoop Graph” graphic: Alaska Legislative Finance Division, “Fiscal Summary,” dated September 30, 2020, found at https://www.legfin.akleg.gov/FisSum/FY21-Budget.pdf, p. 1; and Alaska Legislative


28 The factual assertions in the first two paragraphs on this page come out of communications with Alexei Painter, Director, Alaska Legislative Finance Division.


“Alaska Savings Balances in $Billions” graphic: Information provided by Ken Alper, former Tax Division Director, Alaska Department of Revenue, and confirmed by Alexei Painter, Alaska Legislative Finance Division.


This material comes from Alaska Statutes 37.13.140-37.13.145, and the discussion was aided by communications with Ken Alper, former Tax Division Director, Alaska Department of Revenue.


“State of Alaska Unrestricted Revenue Sources, FY19” graphic: Alaska Department of Revenue, Revenue Sources Book, Fall, 2019, pp. 7, 8.

The points on this page were improved by communications with former Alaska Deputy Revenue Commissioner Larry Persily and an e-mail message from Conor Bell of the Alaska Legislative Finance Division dated October 9, 2020.

“Back Dividend Cost Analysis” graphic: Figures on paying Permanent Fund Dividends under the statutory formula for FY17-21 come from an e-mail message dated September 9, 2020 and figure for FY22 comes from Alexei Painter, Director, Alaska Legislative Finance Division, “FY21/22 Fiscal Update,” presentation to the Alaska House Finance Committee, October 2, 2020, p. 7. Figure for FY21 UGF spending comes from Alexei Painter, Director, Alaska Legislative Finance Division, “FY21/22 Fiscal Update,” presentation to the Alaska House Finance Committee, October 2, 2020, p. 8.

“So catching up on Back Dividends and starting again under”: The comparison is between the $6.3 billion cost of catching up on Back Dividends and sticking with the statutory formula for FY22 on the one hand and the $4.5 billion spending for traditional public services (that is, minus Dividends) in FY21. The $4.5 billion figure comes from Alaska Legislative Finance Division, “Fiscal Summary,” September 21, 2020, p. 2.
Some of the material in these pages overlap points Cliff Groh developed in conjunction with others on behalf of Alaska Common Ground and can be found at Dick Mylius, Janet McCabe, Cliff Groh, and Helen Nienhueser, “Commentary: Options available to address Alaska’s giant problem in paying for public services, The Cordova Times, September 20, 2020, found at https://www.thecordovatimes.com/2020/09/20/commentary-options-available-to-address-alaskas-giant-problem-in-paying-for-public-services/.

“This approach would impose unacceptable costs such as having 50 students”: Heather Hintze, “Dunleavy budget could increase Mat-Su class sizes,” ktva.com, February 27, 2020, found at https://www.ktva.com/story/40033748/dunleavy-budget-could-increase-matsu-class-sizes.


“The Legislature could also amend any initiative that passed, although”: Alaska Constitution, Article XI, Section 6.

“During most of its existence, Alaska’s previous income tax was”: Maria Hanson, “An Introduction to Alaska Income Tax Options and Issues,” August 25, 2016, pp. 18-19.

“Setting aside the effects of Permanent Fund Dividends, adopting that 2017 income tax proposal": Graphic prepared by Mouhcine Guettabi of ISER.

“An income tax approved by the Legislature in 2021 would not generate revenue until 2022”: Communications with Dan Stickel, Chief Economist, Alaska Department of Revenue, and Ken Alper, former Tax Division Director, Alaska Department of Revenue.

“Although Alaska has never had a statewide sales tax, more than 100 local governments”: Office of the State Assessor, Department of Commerce, Community and Economic Development, State of Alaska, Alaska Taxable 2019, Volume LIX, January, 2020, Table 1a, pp. 19-21.

“A sales tax approved by the Legislature in 2021 would not generate revenue”: Communications with Dan Stickel, Chief Economist, Alaska Department of Revenue, and Ken Alper, former Tax Division Director, Alaska Department of Revenue.


“Some Alaskans make plenty of money--surgeons, for example, have made up to $5.5 million in net income”: Cliff Groh has had coffee with a neurosurgeon who made $5.5 million in net income from work in Alaska in a single year and has seen the court documents that prove that number.
“After adjusting for the growth in inflation and population, the budget this year–Fiscal Year 2020–is lower than the budget”: See the graphic on page 18 of this document.

