



70th Annual Local Government Conference
November 9-20, 2020

State Fiscal Policy

Bethany Marcum

State public policy

- Nonpartisan 501(c)(3) non-profit



ALASKA POLICY FORUM

Bethany Marcum

CEO

www.AlaskaPolicyForum.org

bethany@alaskapolicyforum.org

907-334-5853

Our vision is an Alaska that continuously grows prosperity by maximizing individual opportunities and freedom

Alaska Fiscal Policy

Personal Tax Proposals

Four Tax Proposals

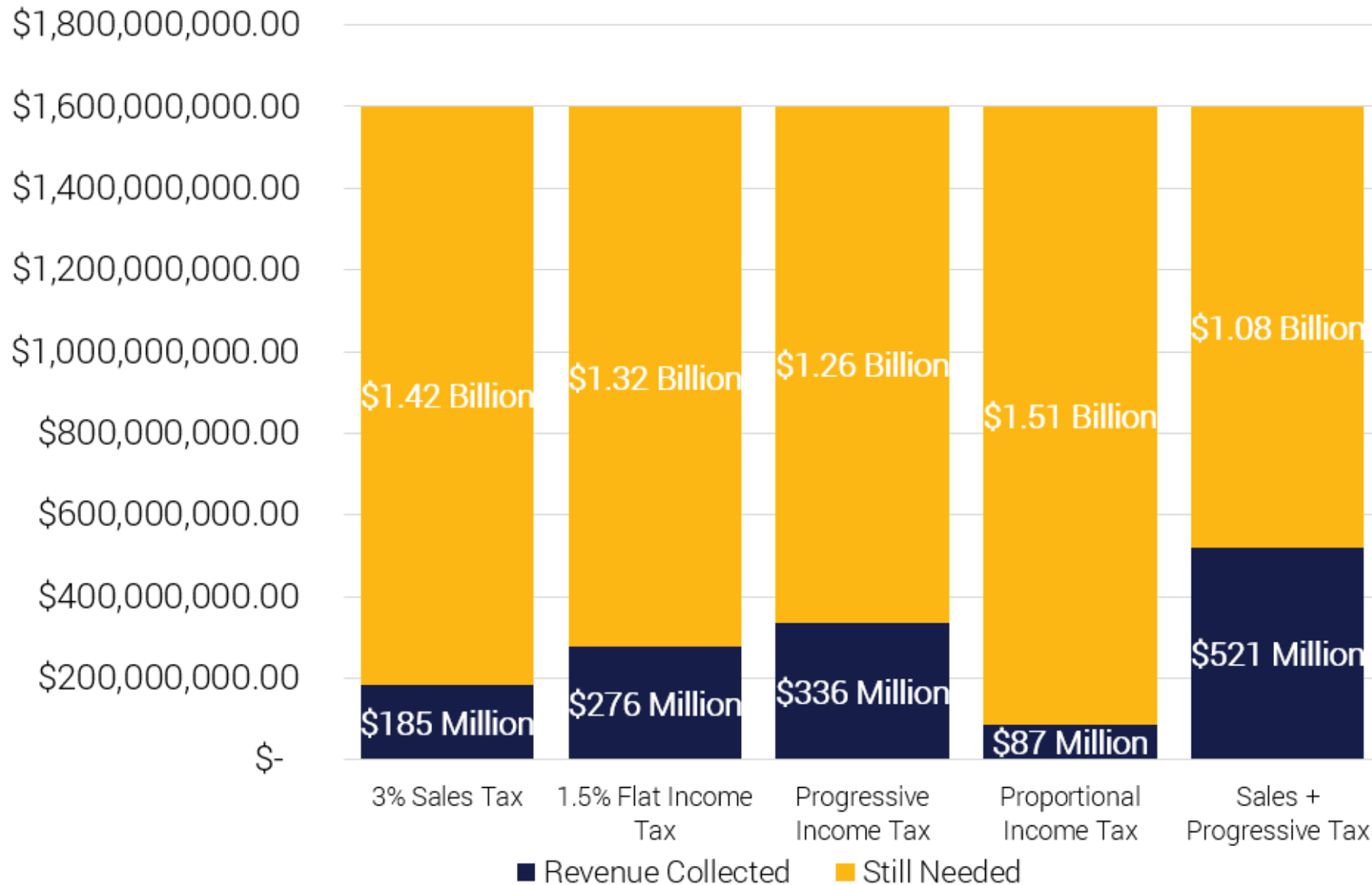
1. 3% sales tax
 - 1,700 fewer jobs created
2. 1.5% flat income tax
 - 2,300 fewer jobs created
3. Progressive income tax
 - 2,700 fewer jobs created
4. 6% proportional income tax
 - 700 fewer jobs created

Three Impacts

- a) Economic Growth
- b) Jobs Created
- c) Revenue Generated



Addressing Alaska's Budget Deficit through Taxes



Alaska Fiscal Policy

Personal Tax Proposals

2008–2018	Tax Burden per Capita	Gross State Product Growth	Personal Income Growth	Population Growth	Domestic Migration/Population	Non-Farm Payroll Growth
States with No Income Tax	\$5,006	36.4%	45.1%	11.2%	3.4%	8.9%
States with Income Tax	\$6,856	36.0%	39.5%	6.1%	-0.2%	5.2%

Note: 2018 dollars.

Source: Author's calculations based on data from the National Conference of State Legislators, Census Bureau, Bureau of Economic Analysis, and Bureau of Labor Statistics 2008–2018.



Alaska Fiscal Policy

Expenditure Limit

- 30+ States have TELs
- Constrains spending growth to various metrics such as rate of inflation, population growth, etc.



2008–2018	Tax Burden	Gross State Product Growth	Personal Income Growth	Population Growth	Domestic Migration/Population	Non-Farm Payroll Growth
States with TELs	\$6,353	36.7%	41.9%	8.1%	1.1%	8.0%
States without TELs	\$6,844	35.1%	38.3%	5.3%	-0.7%	2.6%
States with Constitutional TELs	\$6,678	37.5%	42.9%	9.1%	1.9%	9.2%
States with Statutory TELs	\$6,199	35.8%	40.8%	7.1%	0.2%	6.7%
States with Spending TELs	\$6,399	36.2%	41.4%	7.9%	0.8%	7.5%
States with Revenue TELs*	\$6,259	39.9%	45.9%	8.9%	2.0%	10.2%
States with TELs**	\$6,686	34.0%	40.1%	7.6%	1.3%	6.5%
States without TELs**	\$6,487	37.1%	40.5%	6.6%	-0.1%	5.4%
States with TELs***	\$5,347	36.4%	46.4%	10.0%	3.1%	9.9%
States without TELs***	\$6,607	36.0%	40.1%	6.8%	0.2%	5.6%

* States with voter approval or 3/5th votes for tax increases

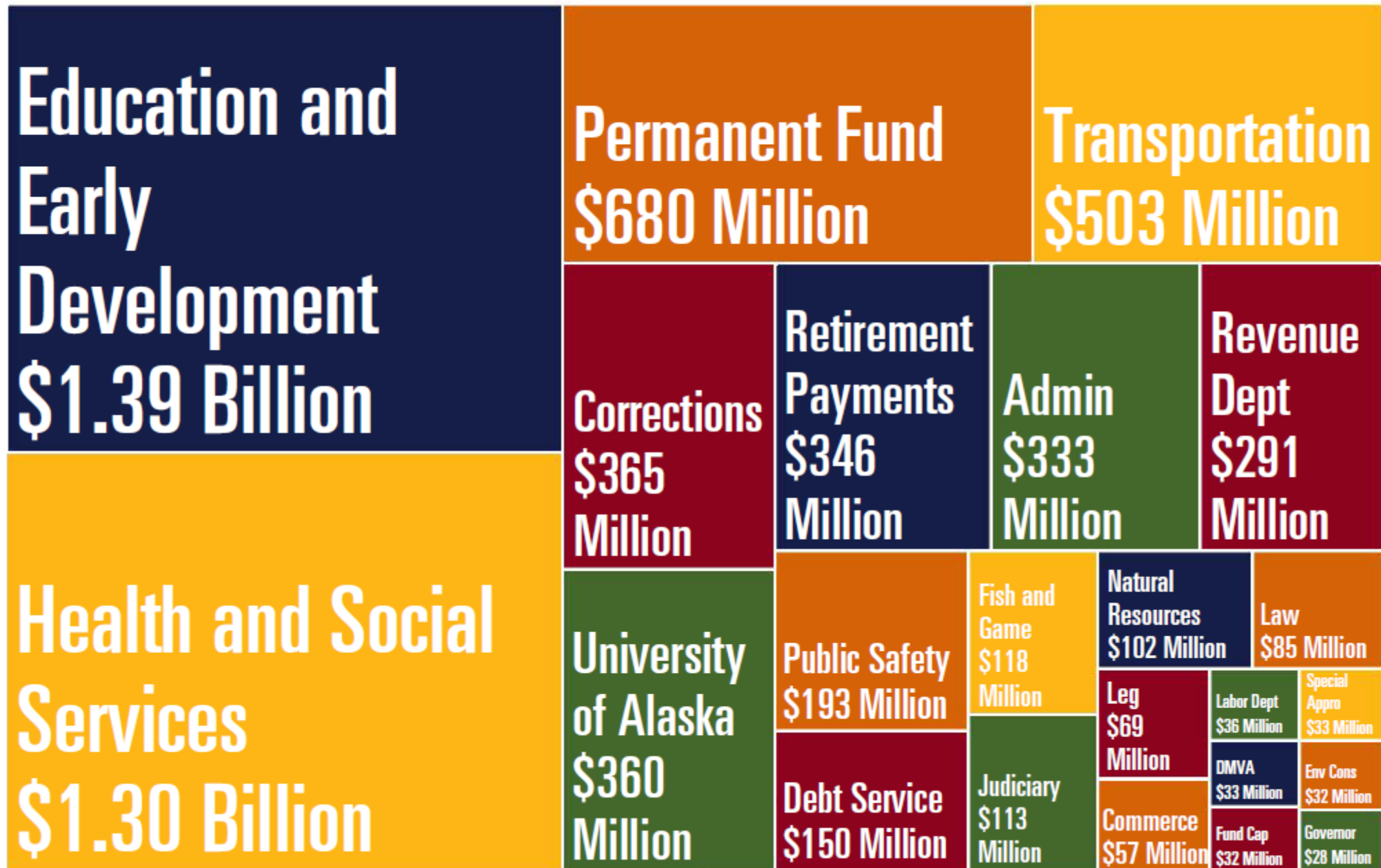
** States with voter approval for tax increases

*** Excluding states which merely limit revenue to a percentage of the forecast

Note: 2018 dollars.

Source: Author's calculations based on data from the National Conference of State Legislators, Census Bureau, Bureau of Economic Analysis, and Bureau of Labor Statistics 2008–2018.

Alaska FY 2021 Enacted Operating Budget – Unrestricted General Funds (UGF) and Other Only



Source: Alaska Division of Legislative Finance, Agency Operating Budgets, UGF and "Other" Funding

Alaska Fiscal Policy

Medicaid Spending

- Since 2000, 379% increase
 - 25x faster than state revenue
 - Pandemic increase: nearly 1/3 of Alaskans
 - Banned from changes or removing
 - Technically sunsets, but not historically



State public policy

- Nonpartisan 501 (c)(3) non-profit



ALASKA POLICY FORUM

Bethany Marcum

CEO

www.AlaskaPolicyForum.org

bethany@alaskapolicyforum.org

907-334-5853

Our vision is an Alaska that continuously grows prosperity by maximizing individual opportunities and freedom