

RESOLUTION #2021-08

In support of a balanced approach to addressing the State of Alaska's deficit and continuing fiscal challenges.

WHEREAS, in 2016 AML presented a Sustainability Plan as the result of a year's worth of Committee work, and carefully evaluating the options at the time; and

WHEREAS, the Plan included creation of the POMV, changes to the PFD formula, broad based taxes, and additional revenue measures; and since then, the POMV has been implemented and some small reductions have been made to expenditures; and

WHEREAS, while the level of State spending on State government has remained about the same, much of its savings have been achieved by cost-shifting to local governments; and

WHEREAS, since 2016 the State has spent down almost the entirety of its savings accounts and there are few options remaining that don't include broad based revenue measures, use of the remaining funds that have been held within the Earnings Reserve account, additional cost- shifting, or dramatic reductions to spending; and

WHEREAS, as local government officials who similarly have to make hard choices in balancing local budgets, our members recognize the inherent challenges, fraught politics, and social and economic impacts; and

WHEREAS, Alaska's cities and boroughs – as political subdivisions of the State – depend on a State government that has the resources available to deliver its Constitutional and statutory obligations, including in partnership with local governments; and

WHEREAS, the deterioration of the State's fiscal condition materially threatens the sustainability of local governments in Alaska; and

WHEREAS, Alaska's residents, businesses, and local governments expect action by the Governor and Legislature that balance the State's budget using the myriad tools of government – right-sizing programs, broad-based taxation, and strategic spending; and a balanced approach is crucial and will require reexamination of current approaches.

NOW, THEREFORE BE IT RESOLVED that AML supports a balanced approach to addressing the State of Alaska's deficit and continuing fiscal challenges, including by addressing the following:

- Broad-based taxation (personal and corporate income, sales, and property)
- Additional revenue measures tied to use (motor fuel, marijuana, tobacco, alcohol) or resource
- A stable PFD formula consistent with a sustainable draw from the Earnings Reserve.
- Potential reductions to the State budget irrespective of fund source
- Negotiating solutions to devolve responsibilities, and foster public-private partnerships

BE IT FURTHER RESOLVED that AML suggests the following criteria be used in evaluating the efficacy of these options:

- The effective date of broad-based taxation should be consistent with economic recovery, including to phase in over time – these programs take time to implement
- Social and economic modeling should accompany individual options and the combination of options, with consideration given to the impact on the tax base, equity, and distribution
- Local governments are diverse in their ability to sustain cost-shifting or cuts, and that variability will need to be taken into account
- Negotiated solutions are different than unfunded mandates, and must include a level of funding that can be leveraged at the local level