



NEWS

AMERICANS FOR TAX REFORM

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Alaska Lawmakers Fail to Solve Long-Term Budget Problems

Legislature chooses to raid taxpayer wallets and let the problems grow.

WASHINGTON, D.C. – Gov. Frank Murkowski (R) called the Alaska legislature into special session in late June to address the state’s long-term budget outlook. Projections suggest that declining oil revenues will lead to a structural budget deficit in the coming years.

Gov. Murkowski proposed a plan to increase resources in the coming decades by tapping into the Permanent Fund while protecting Alaskans’ dividend payments. Instead, the legislature opted for a short-term fix of raising cigarette taxes.

“Gov. Murkowski provided exemplary leadership by proposing this budget reform,” said Grover Norquist, president of Americans for Tax Reform. **“Alaska has 28 billion dollars in a fund that is going unused. It is a resource that should be used to benefit the whole state, by keeping the tax burden low and encouraging job and income growth. The alternative – raiding taxpayers’ wallets – places addition burdens on families and small businesses, slows job growth, and threatens whole industries.”**

The governor proposed to amend the constitution to allow the Permanent Fund to operate like an endowment – five percent of the fund would be used each year, half going to dividend payments and half to government operations. Instead, legislators increase the cigarette tax to 60 cents, going up automatically to 80 cents then one dollar by 2007.

“Rejecting the governor’s plan demonstrates the true motives of the legislature,” continued Norquist. **“Tapping the Permanent Fund would provide a predictable, long-term solution. Instead legislators decided to raise taxes in order to keep up the spending this year, and put off reform into the future. The cigarette tax increase will drain money out of the private economy, it will hurt retailers and other small businesses statewide, and it will fall most heavily on those least able to afford it.”**

Americans for Tax Reform is a non-partisan coalition of taxpayers and taxpayer groups who oppose all tax increases. For more information or to arrange an interview please contact Jonathan Collegio at (202) 785-0266 or by email at jcollegio@atr.org.