



NEWS

AMERICANS FOR TAX REFORM

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A Statewide Sales Tax is the Wrong Prescription for Alaska

Just as the national economy begins to heat up, raising the burden of government will keep Alaska's cold.

WASHINGTON – A variety of new tax proposals have been floated by the big-spending interests in Juneau recently, in an effort to reduce the annual budget deficit. The gap between revenues and expenditures is covered by the Constitutional Budget Reserve, but that fund is projected run out in the coming years.

Sen. Ben Stevens (R-Anchorage) has proposed implementing for the first time a statewide sales tax of four percent, and Sen. Gary Wilken (R-Fairbanks), co-chair of the Senate Finance Committee, has scheduled a hearing on the bill. But taxpayer groups are alarmed at the quick progress being made by such a radical change in the state's tax laws.

“The national economy is finally growing, thanks in large part to President Bush's tax cuts,” said taxpayer advocate Grover Norquist, president of Americans for Tax Reform. **“Why would Alaska want to raise its taxes and make economic growth more difficult in the state? The cost of living in Alaska is already very high. Raising the cost of everything purchased by another four percent would make life harder on families and businesses, rich and poor alike.”**

Stevens estimates the sales tax could pull as much as \$300 million out of Alaska's private economy. Gov. Frank Murkowski (R) has proposed that the people be allowed to vote to tap into the \$28 billion Permanent Fund. But that idea is controversial, because tapping the Permanent Fund could reduce Alaskans' cherished dividend payments. But taxpayer groups say that is exactly why the Permanent Fund should be used.

“Alaska is sitting on \$28 billion, and Sen. Stevens wants to raid the pocketbooks of the taxpayers every time they go to the store?” Norquist continued. **“State government spending has been growing faster than states' ability to pay for it. Spending requires REAL trade-offs. The people of Alaska should be able to see this trade-off in their dividend checks – they can have ever more government spending and smaller checks, or they can keep their full dividend checks and slow the growth of spending. Any attempt to raise taxes while \$28 billion is sitting in the bank is simply an attempt to hide the real cost of government from the people.”**

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.