

What's obvious to Alaskans continues to bewilder legislators

By Curtis W. Thayer

Decisions regarding the size and funding of government impact all Alaskans so it's important to have current, comprehensive information to help make wise choices. Each year, the Alaska Chamber asks Alaskans a broad range of topics. When it comes to funding State government, we find issues like taxation and use of the Permanent Dividend will forever be contentious. Alaskans are evenly split on restructuring the Permanent Fund to pay for state spending. How these overarching issues color Alaskans thinking is obvious when you look at the numbers.

Is Alaska headed in the right direction?

Since various groups started polling Alaskans regarding their perception of Alaska's economy in 2013, we've seen an increasing lack of confidence, by 20 percent, away from a good or very good view of the Alaska economy.

The increase in concern is most dramatically stated when Alaskans are asked about the direction our state is headed. The number of Alaskans concerned we're headed in the wrong direction has more than doubled since 2015, with nearly 70 percent of Alaskans believing the state is on the wrong track.

When you dive deeper into the numbers, it's interesting to see the rural and urban areas share an increasingly similar view of the state. For instance, in 2015 just 47 percent of Alaskans in Fairbanks and the interior considered the state to be headed in the right direction. Anchorage and parts of rural Alaska were more bullish with around 60 percent holding a favorable view. Fast forward two years and opinions have converged. Just 23 percent of Alaskans think we're headed in a positive direction, with all regions hovering within a few percentage points of the average.

Refreshingly, Alaskan business sectors are regarded more favorably than even just a year ago. We can only speculate, but as the jobs market tightens and economic concern about the State's fiscal crisis increases, Alaskans are realizing the importance of these businesses to our economy.

Taxing our way to prosperity

We've heard repeatedly from Alaska's current administration that any plan to address the State's spending problem must include new taxes. Opinions regarding the validity of that requirement may vary, but the options for new and increased taxes on Alaskans are now well-defined and being discussed in the legislative arena.

The only broad-based tax being discussed, a personal income tax, happens to also be the least popular tax with nearly 60 percent of Alaskans opposing an income tax as part of a larger package to address the State budget deficit.

Notably, the only broad-based tax that is viewed at all favorably by Alaskans is the introduction of a state sales tax – and that only narrowly. A slim 53 percent of Alaskans hold a favorable opinion of a statewide sales tax.

Looking for positives

While it's easy to find negative trends and opinions when suffering in a recession, it's important to look for the positives. One obvious positive is the unprecedented strengthening of public support in favor of a spending cap. When tracking statistical numbers as they move year over year, it's significant to note two or three point changes in public opinion. A 10 percent swing is certainly eye-catching. So it's notable that with regard to a state spending cap, fully two-thirds of Alaskans support the implementation of a state spending cap – an upward swing of 20 percent since 2016. Support for a spending cap spans every Alaskan geographic, education and political party boundary.

Alaska remains deeply divide on issues on taxation and use of the permanent fund. But when you ask Alaskans – and we'll likely see this issue on a ballot soon – a spending cap is an obvious win.

Our elected officials have the unenviable job of making some extremely difficult decisions, but by arming them with sound information we hope they can have the confidence they need to make those decisions.

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