

AK State Budget Deficit: Alaskans Sound Off on Sacrificing the PFD

Do you think we should sacrifice the PFD to balance the state budget? Or would you rather pay an income tax every year?

With the fall of oil prices, the state of Alaska is sinking further and further into debt, and two possible solutions to this problem are using money out of the PFD and creating an income tax.

One option for resolving the deficit is to create some sort of state income tax. Some Alaska leaders think that creating an annual 35% percent tax on the PFD would be an effective way to help Alaska and its \$4 billion budget deficit.

Kurt Olson, a republican state legislator from Soldotna, proposed this bill. The idea behind the bill is that by taxing the dividend instead of people's income, everyone is getting taxed the same for free money instead of money they worked hard to earn.

On the other hand, if funds from the Permanent Fund are used, the state debt could be eliminated in the short term. Currently, the Alaska Permanent Fund includes assets of more than \$50 billion in cash money, stocks, real estate, and other alternatives.

Our group put together some questions about the issue: Do you think we should sacrifice the PFD to balance the state budget? Or would you rather pay an income tax every year?

Glen Gardner Jr., Sand Point City Mayor, responded to our question by explaining that he saw 2 viable solutions: capping the PFD and instituting a state income tax. Mayor Gardner explained, "The original intent of the PF was to be a rainy day fund for this type of purpose. I believe we have to take this approach because we will not be able to cover the deficit with an income tax alone and we can only do so many budget cuts before we do not have any services at all."

Jerry Nyberg, a long-time teacher at Sand Point School, said we should sacrifice the PFD because it would be less money being taken away from residents than an annual state income tax.

Another Sand Point city resident (who wished to be unnamed) said no to sacrificing the PFD, and also disapproved the idea of the income tax.

A local fisherman, Alan Lalich, said "Think of all the money that is made here that leaves Alaska. It's a huge chunk of income! If we get a tax it needs to be put on everyone who works here and not just residents."

Neil Rickman, another local fisherman, argued, "I would rather have an income tax that benefits everyone rather than just cutting the PFD, too many people in the bush depend on it and a tax would spread it to everyone."

We also contacted Laura Achee, Director of Communications at the Alaska Permanent Fund Corporation; even though she could not comment directly on the issue, she informed us that she is involved in the legislative discussions regarding the PFD and state budget deficit.

We feel that Alaska needs to focus on its priorities: the budget needs to be balanced. In the short term, lowering the PFD provides a temporary solution to this problem. In the long term,

creating an income tax on all income made in Alaska, even the income of seasonal workers like fisherman provides a sustainable and fair solution to managing the state budget.

This is Josh Sills, Jonni Pilcher, and Emily Vose, reporting from Sand Point School in Sand Point, Alaska, for KSDP 830 AM.