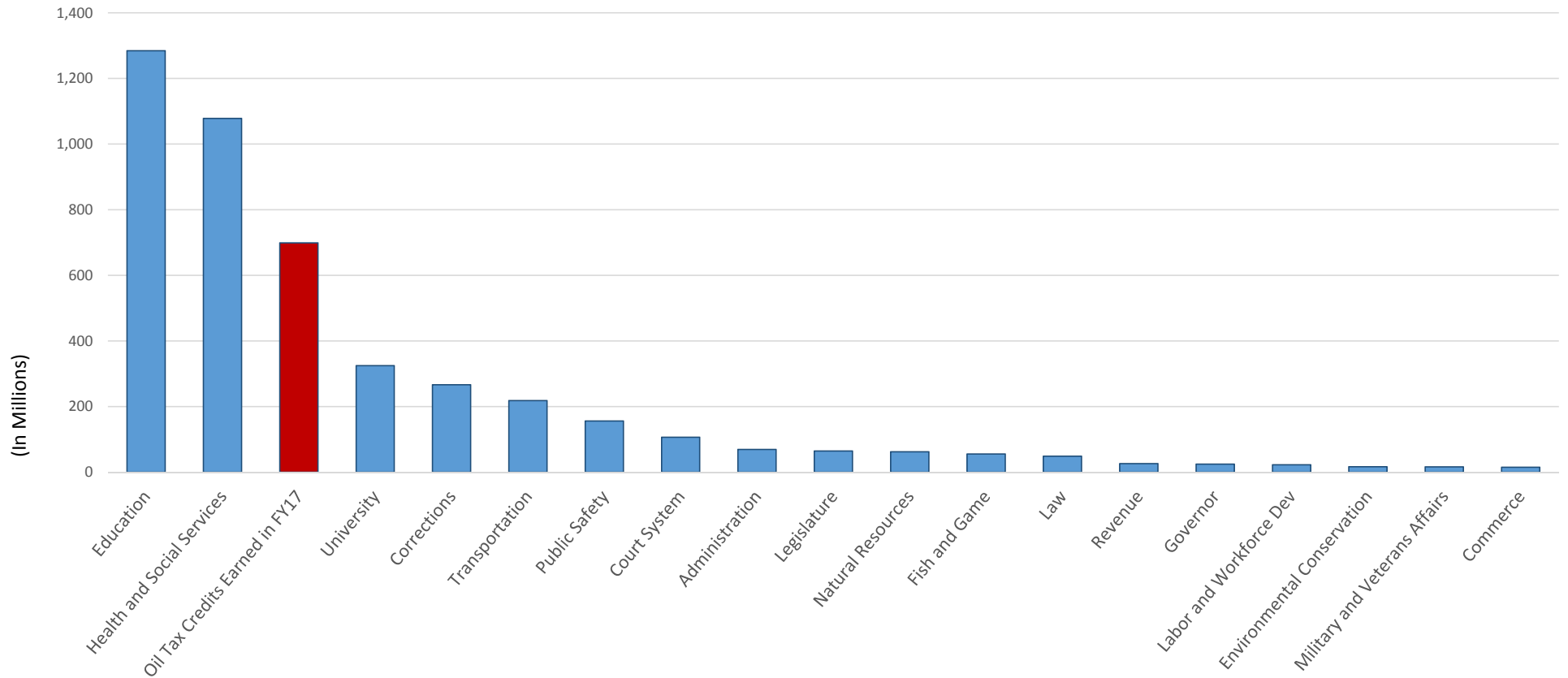


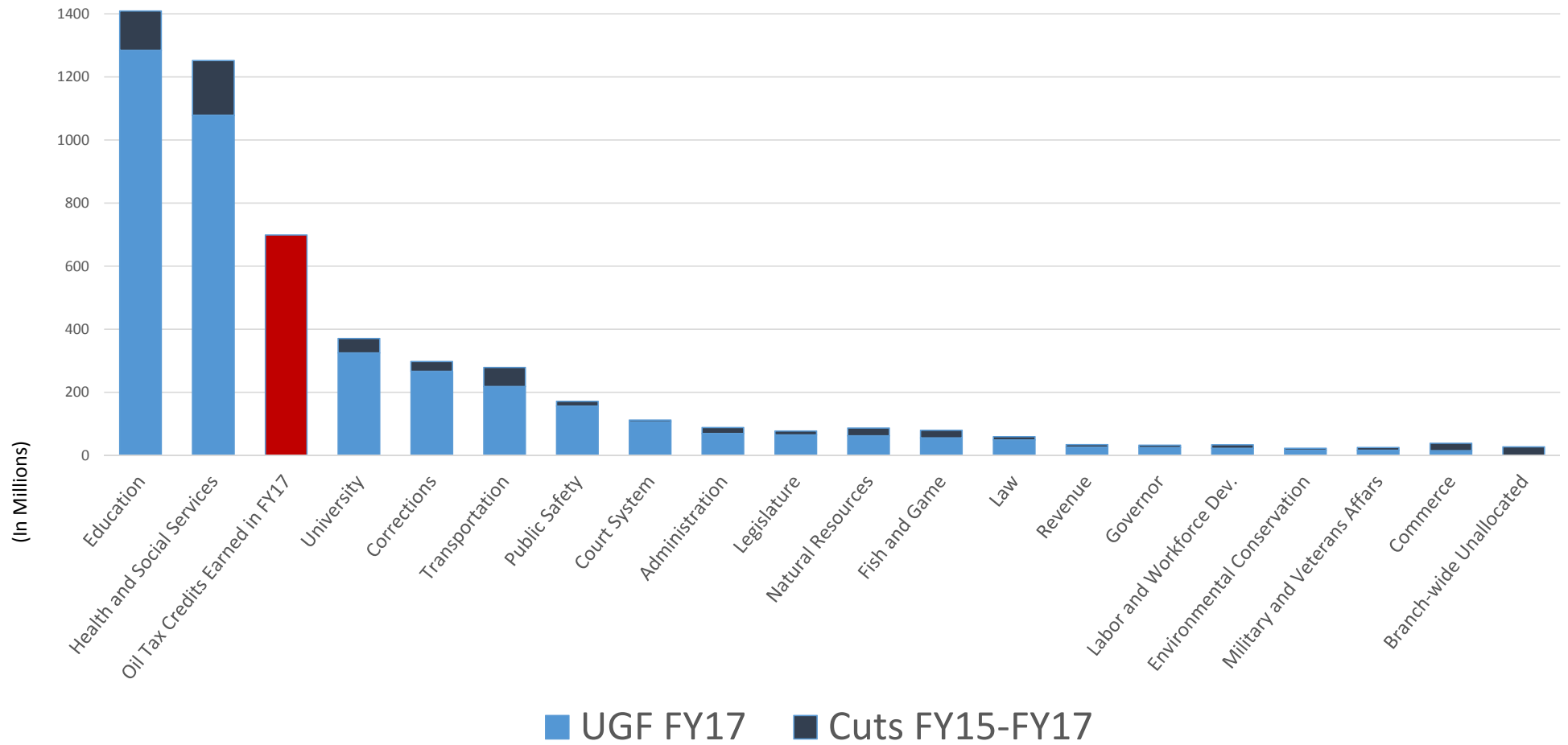
Alaska's Fiscal Situation

Alaska House Majority Coalition

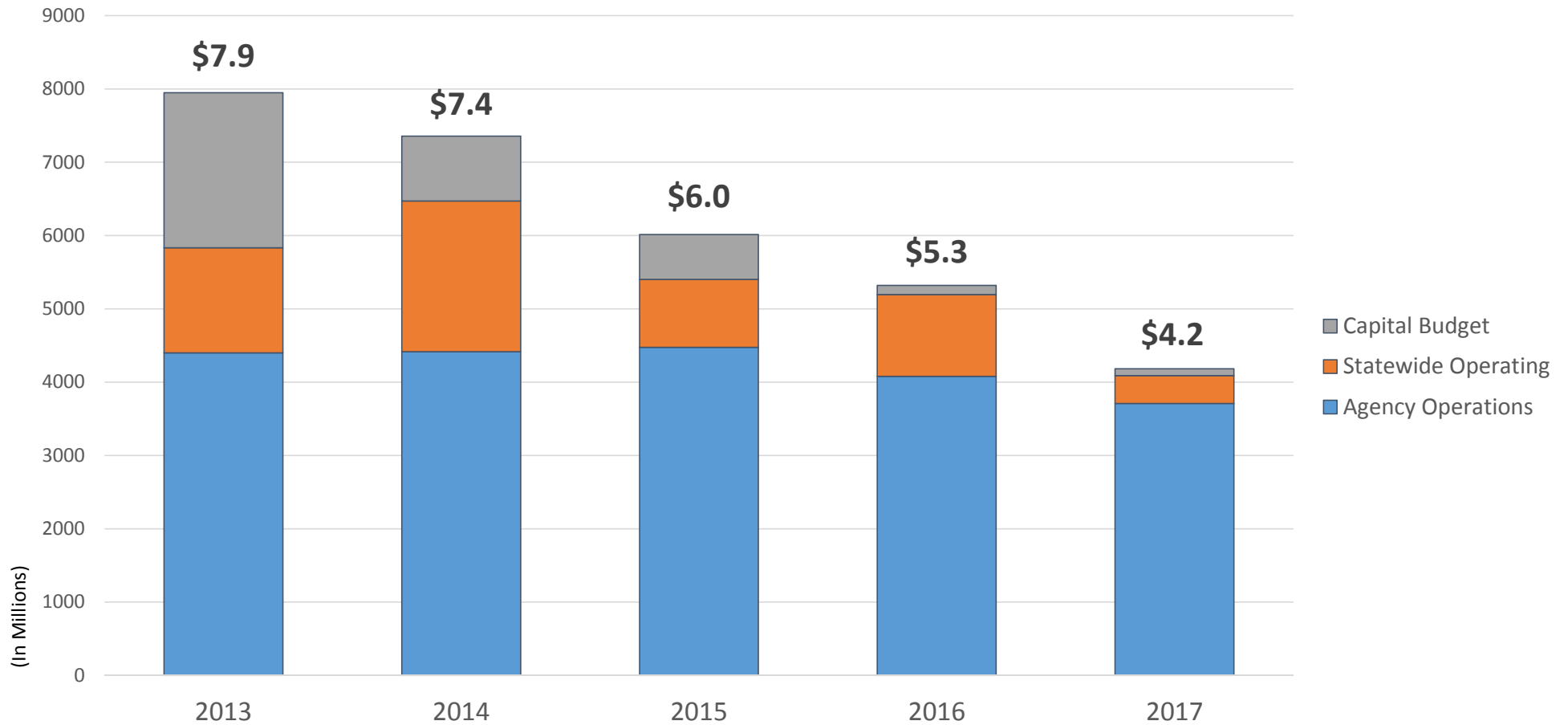
FY17 UGF Budget Drivers



2015 to 2017 Agency Cuts



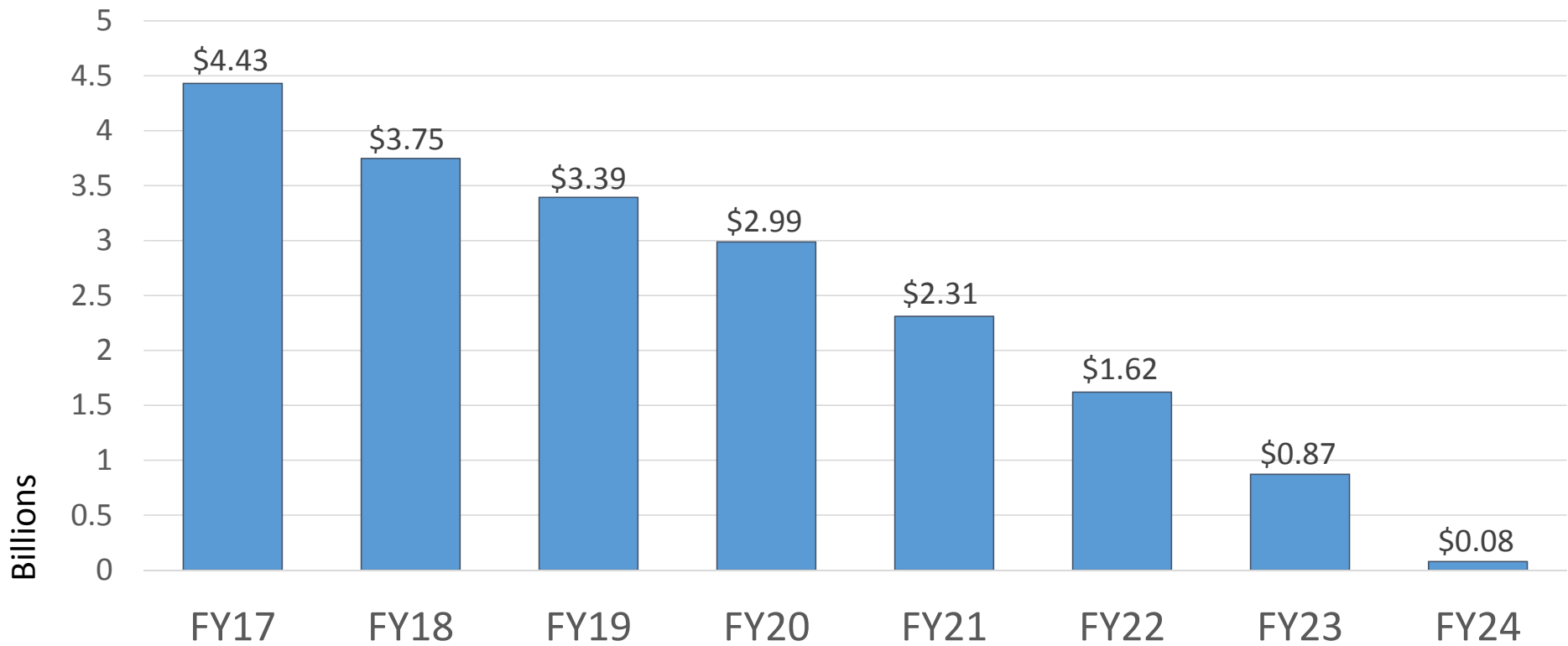
State Budget Reductions 2013-2017



Window for Action

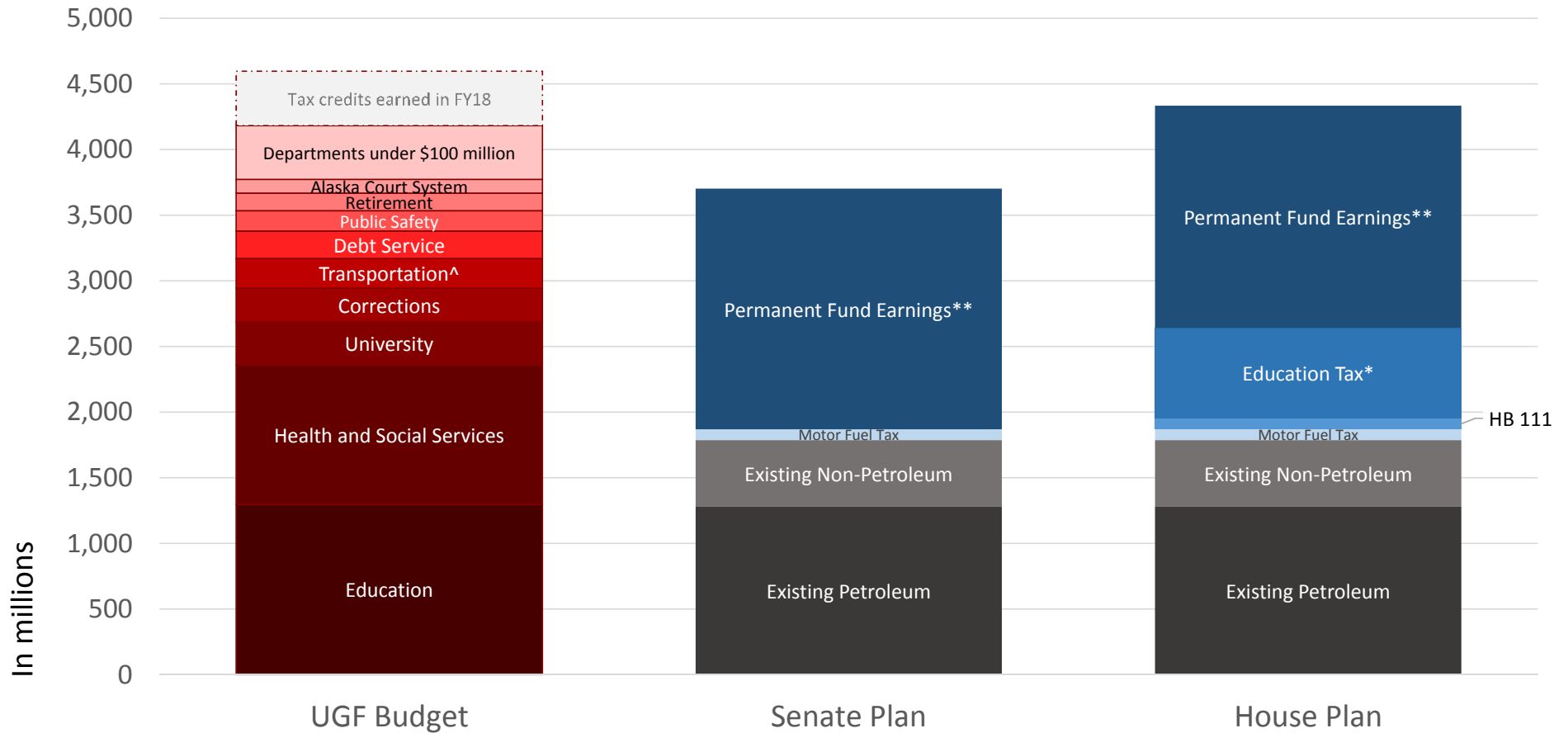
- Legislative Year 2017 (FY 2018)
 - Income tax passed this year first fully implemented in FY2020
- Legislative Year 2018 (FY 2019)
 - Election year, action unlikely
- Legislative Year 2019 (FY 2020)
 - Income tax passed in 2019 fully implemented in FY 2022
- We have less than 4 billion in CBR + SBR for FY18 forward
 - Drawing \$800 million from CBR as Senate proposes this year uses 20-25% of remaining savings.

CBR End of Year Balance - SB26* Only



Department of Revenue SB 26 Model, 3/28/17
*Figures based on SB26 as it was transmitted to the House

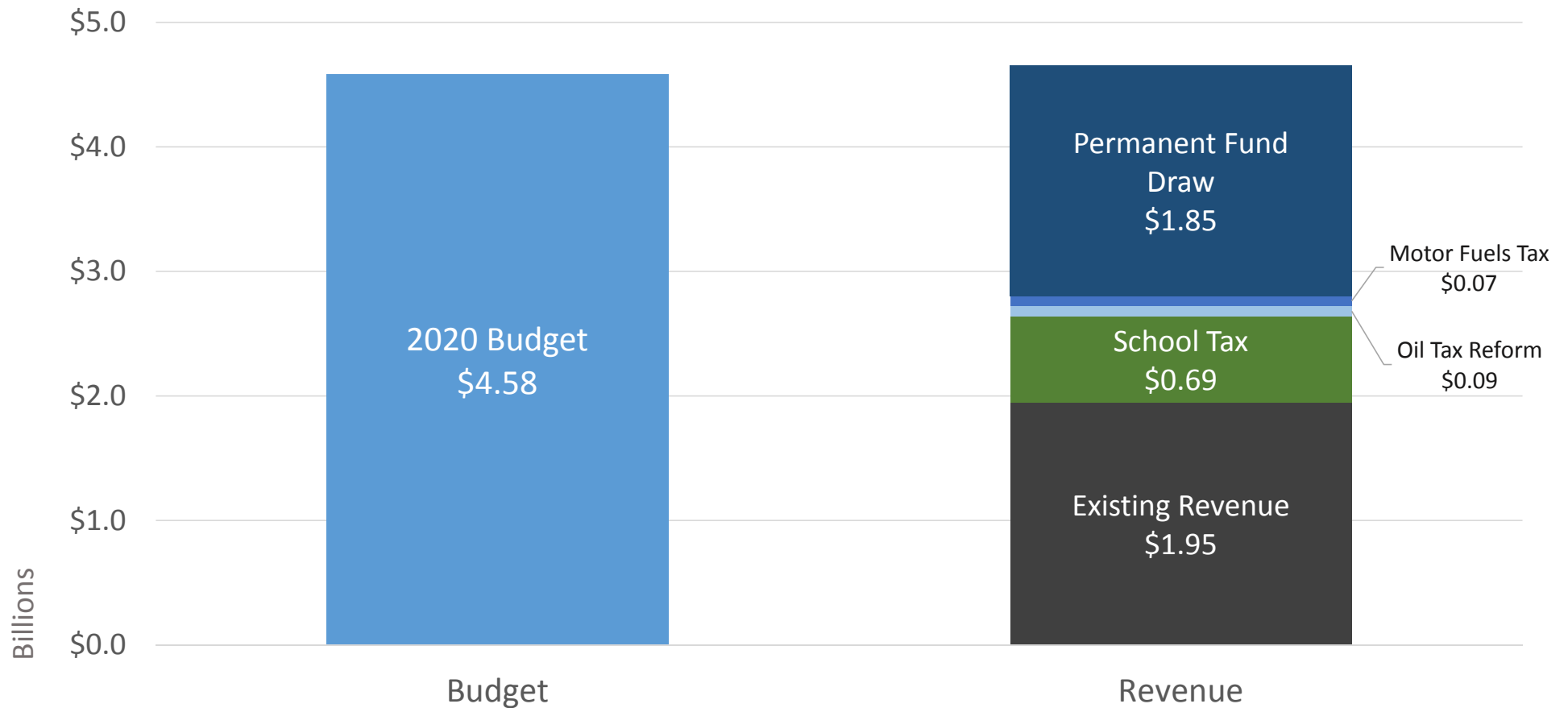
Comparing Plans



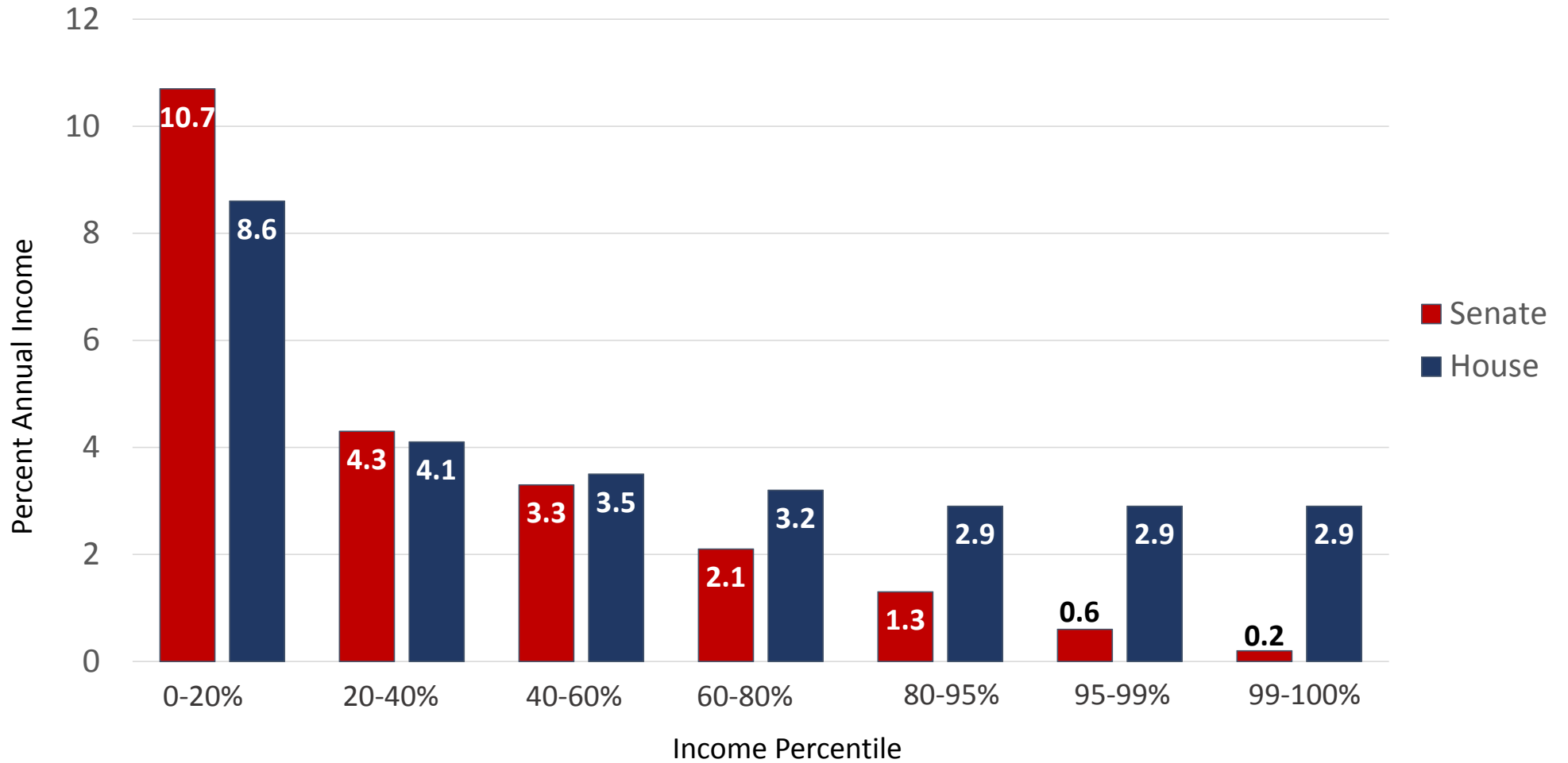
^Transportation includes motor fuel tax funds, consistent with passage of Governor's motor fuels tax

*Income Tax would take a year to implement, FY20 projection used
 **Senate Operating Budget uses \$141 million more from PF than House via steeper PFD reductions

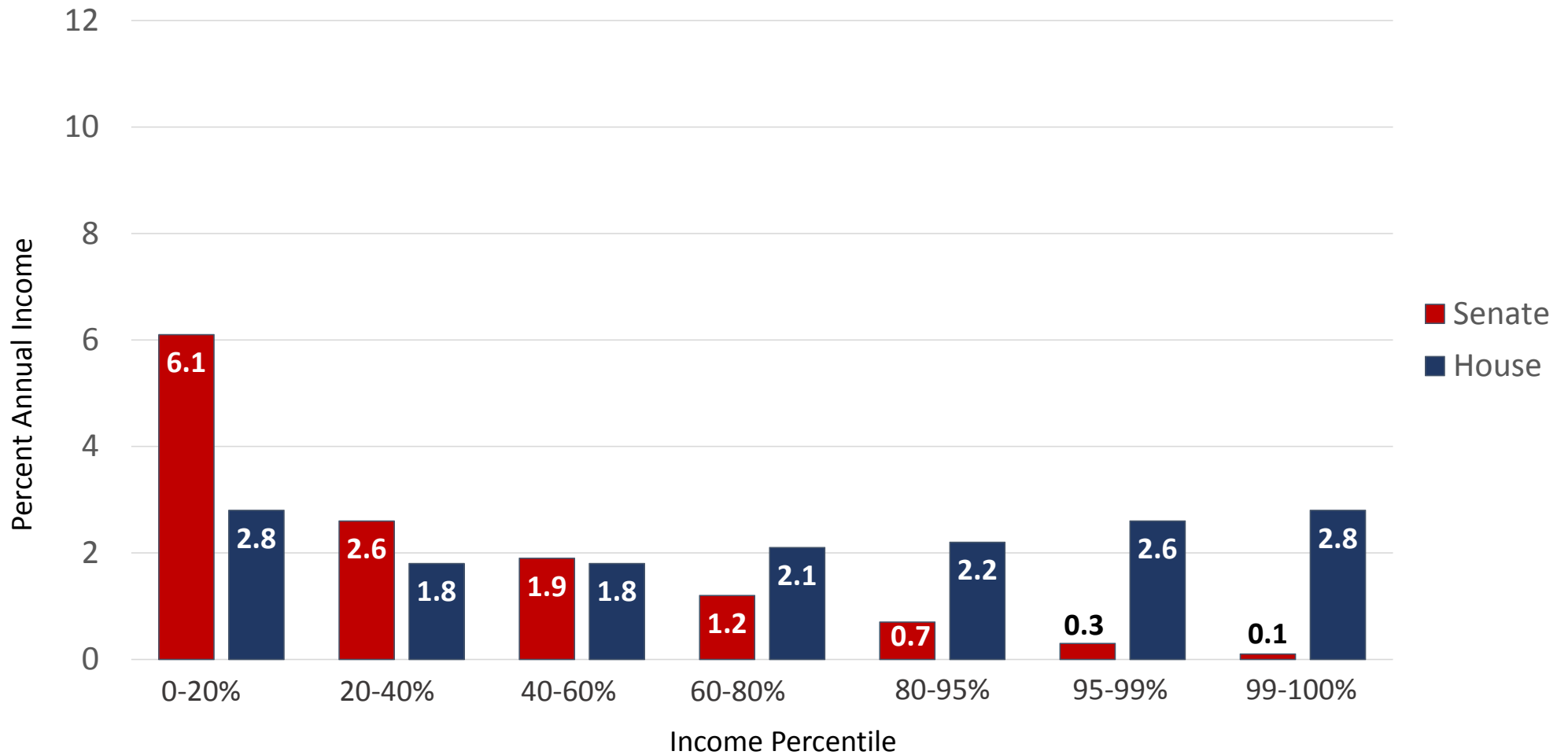
Balanced Budget by 2020



Percent of Income Impact - 2019



Percent of Income Impact - 2023



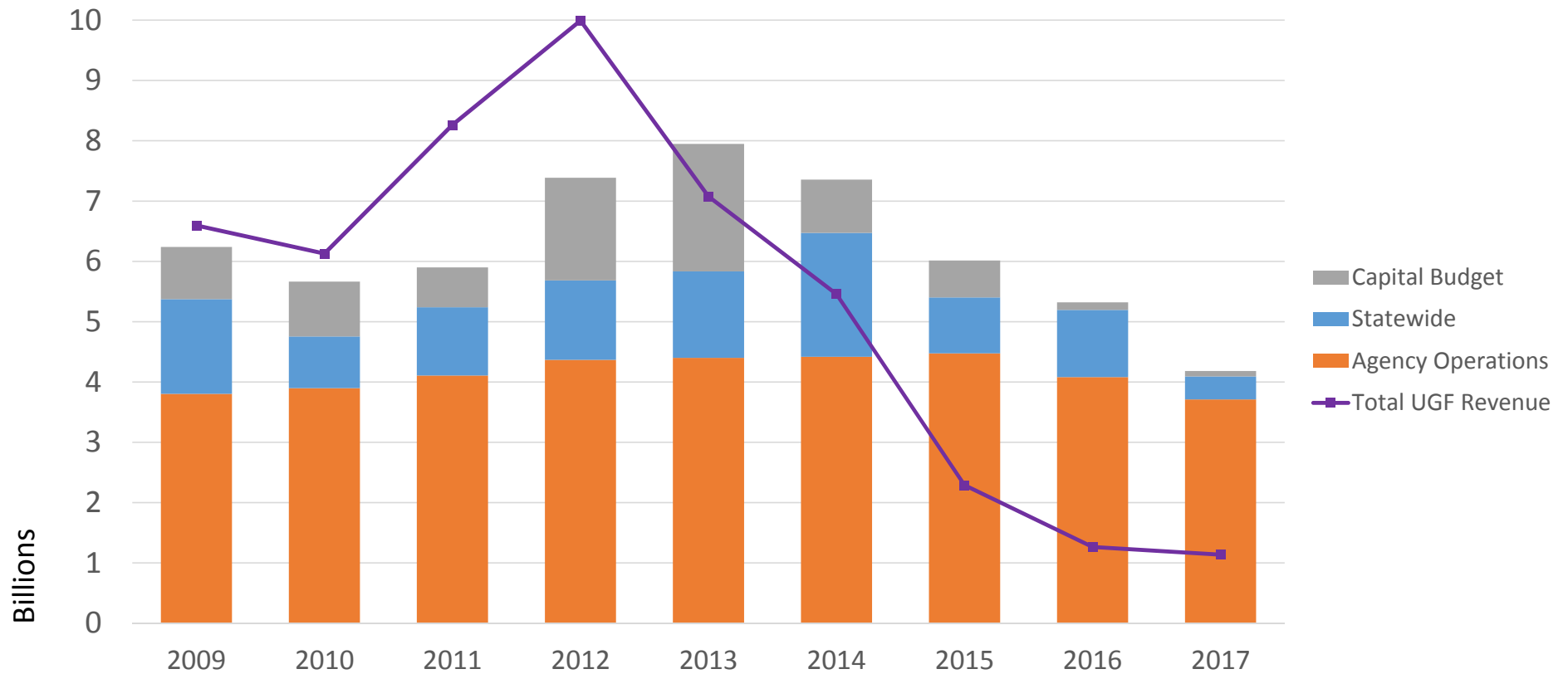
Job Losses per \$100 Million of Deficit Reduction

Option	Public	Private	Total
Spending Cuts	504	754	1258
Dividend Reduction		892	892
Income Tax		786	786
Spend Savings			0

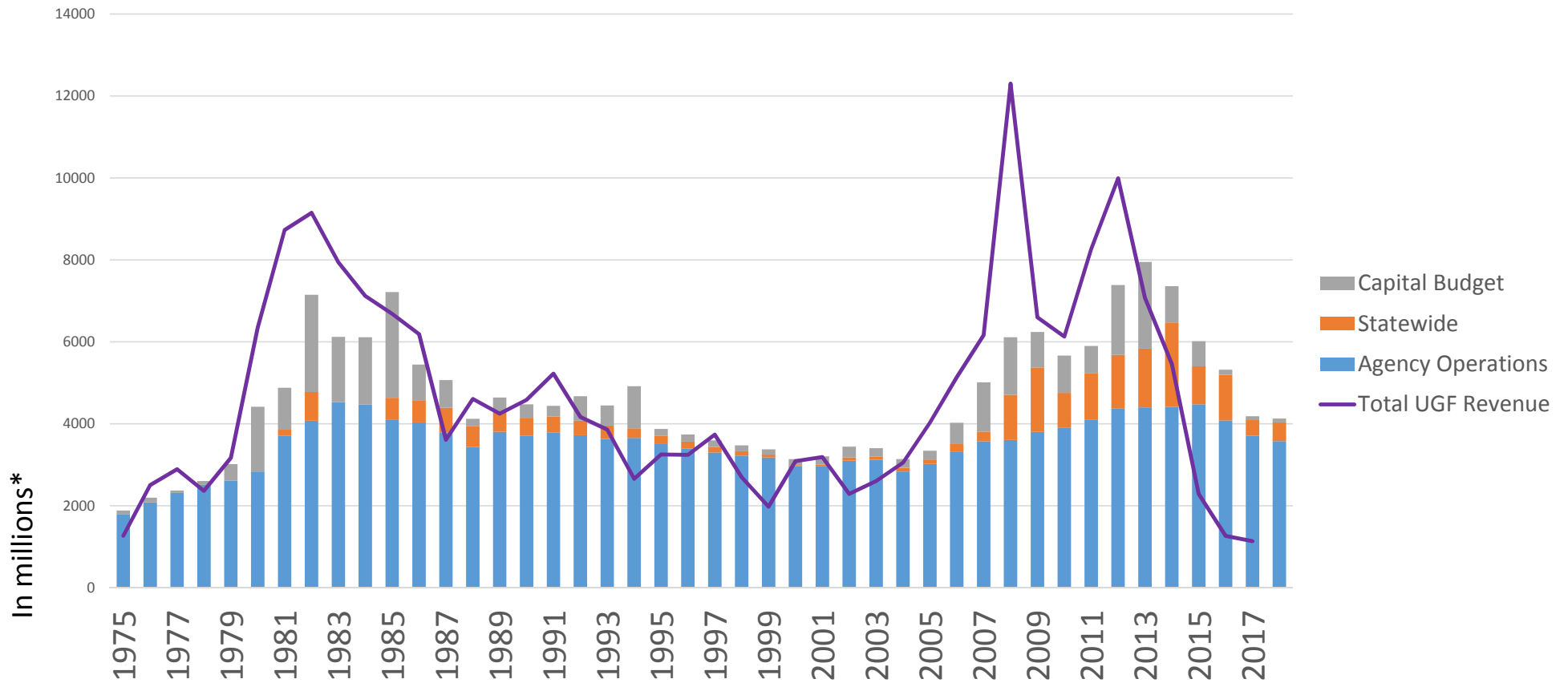
Growing Alaska

- SB 26 leaves more than \$800 million deficit this year
- Legislative Finance projects about a half billion dollar budget gap remaining indefinitely
- We are deferring maintenance and basic upkeep that will cost us more to fix later. If you never change the oil in your car, you may save a nickel in the short term, but you cost yourself a dollar later
- Capital budget brings in federal match and spurs economic development and growth
- Investments in Education and the University attract and retain the best and brightest, and spur innovation and economic development

Recent Budgets and Revenue

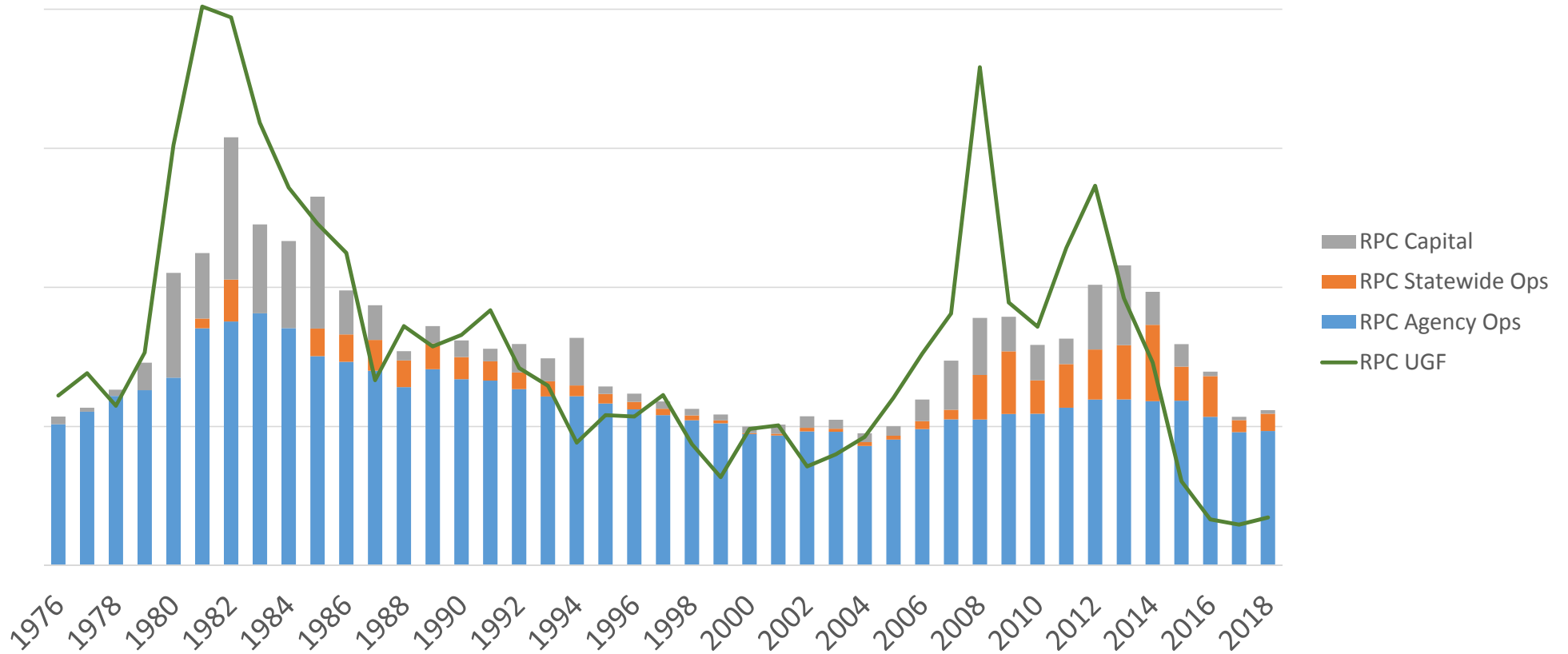


Historic Budget and Revenue

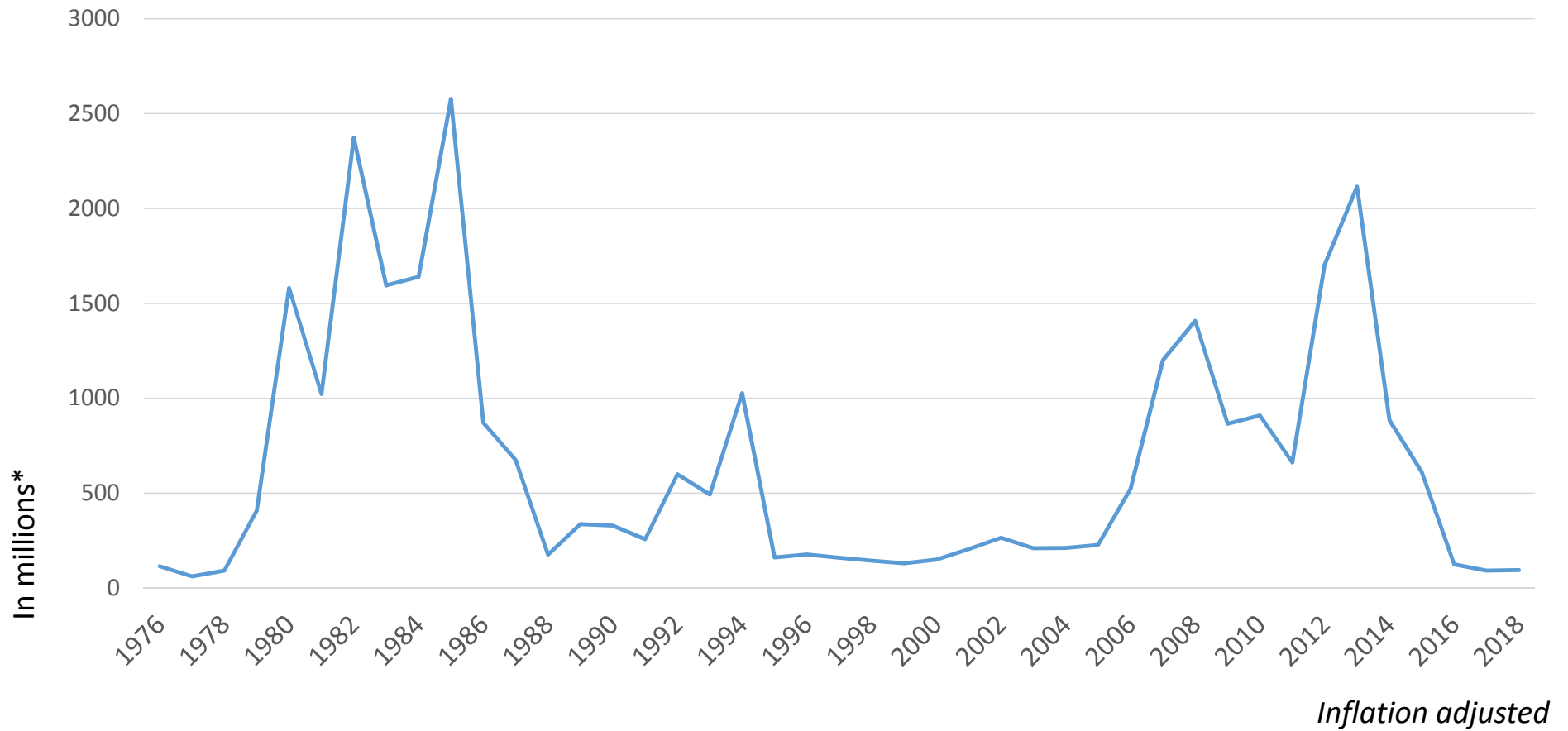


**Budget and revenue adjusted for inflation*

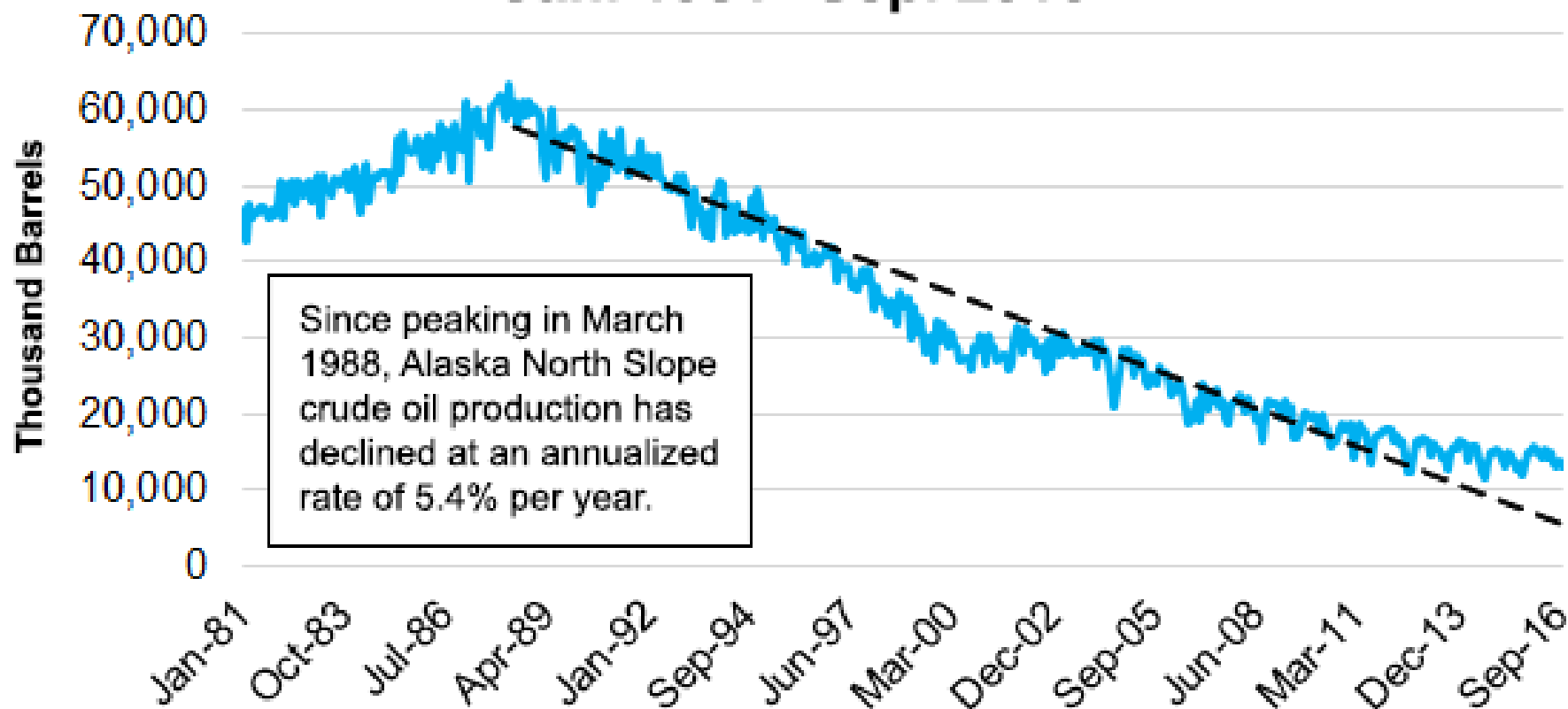
Real Per Capita (RPC) Budget and Revenue



Capital Budget



Monthly Alaska North Slope Crude Oil Production Jan. 1981–Sep. 2016



Source: EIA, NGI's Daily Gas Price Index calculations