

Corporations gain what Alaskans lose

COMPASS: Points of view from the community

By Representative Eric Croft

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This year, the Alaska government transferred \$70 million from the people of the state to large multinational corporations. Did you miss it? Most Alaskans did. As in any good shell game, the trick is to distract the eye, in this case the public eye, from what is really happening. The distraction this year was that perennial bogeyman, the fiscal gap. Let's play the tape of this legislative session back on super slow-motion to see how we lost our money.

What you will see when you look hard is major corporate tax giveaways combined with the biggest tax increase on individual Alaskans since I last wore bell bottoms in the late '70s. Gov. Frank Murkowski calls these new taxes "fees" or, worse, "minor changes to the Permanent Fund" and calls the corporate giveaways "incentives."

Here is how it works:

First, the Republicans in Juneau took \$50 million that used to be deposited into the principal of the Permanent Fund and put it in the government general fund.

That bill was HB11 by Rep. Norm Rokeberg, R-Anchorage. Rep. Rokeberg has been introducing the bill to reduce deposits to our Permanent Fund for five years now. In the past, he was prevented by the Democrats, including former Gov. Tony Knowles, and a small and dwindling group of old Republicans who support the Permanent Fund, led by former Sen. Rick Halford. With the departure of Knowles and Halford, the Republican majority finally got its wish this year. I always opposed this bill as a raid on the trust fund for our children and grandchildren. The counter argument was always that the state desperately needs the money to close the fiscal gap.

The fiscal gap also was the justification for \$20 million in new taxes on Alaskans. Murkowski and the Republican majority proposed and passed increases in business license fees for all Alaska businesses (\$4.2 million per year), increases in car registration fees (\$12.1 million per year) and a new tax on tires (\$3.3 million per year).

So, did the \$50 million from the Permanent Fund and the \$20 million in new taxes go to filling the fiscal gap? In fact, the governor and Legislature gave out at least that much in new oil industry subsidies. The Legislature taketh away, and the Legislature giveth. You have to watch carefully to realize that the taketh away is usually from individual Alaskans who do not have lobbyists and the giveth is usually to large corporate special interests.

The bills that gave away millions in oil taxes were SB185 and HB61. The original versions of both bills were more modest giveaways. Then the governor and the oil industry lobbyists got involved late in the session, and the numbers started to get gross fast. When a politician is fishing for campaign contributions from big oil and giving away state money to do it, the sky is the limit.

For a while, it looked like we were going to give some of these "incentives" retroactively -- that is, to encourage oil industry activity that had already happened. Only howls of protest from the small group of elected Democrats, including me, stopped this bit of insanity. By the end, the fiscal note on the bills -- that is, the amount they will cost you and me -- went from \$70 million to \$120 million per year.

To be fair to my colleagues in Juneau, I took the lower range of numbers and concluded that they gave away to industry all or most of the money they took from us through new taxes and Permanent Fund reductions. If you use the higher range of numbers, then the fiscal gap actually grew.

Millions out of your pocket and millions paid to corporate special interests. The next time a politician justifies a tax increase that hits you and your family and uses the fiscal gap as an excuse, you ask how much was given away in corporate subsidies to wealthy campaign contributors that year. Don't expect a straight answer.

This is one shell game that Alaskans cannot win.

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