

# Sponsor Statement for SJR 33

## Constitutional Amendment: TaxCap

*Proposing an amendment to the Constitution of the State of Alaska relating to limiting the rate of state income and sales and use taxes.*

**Released:** February 19, 2002  
**Contact:** Senator Alan Austerman's office at (907) 465-2487

I have introduced a constitutional amendment to limit the amount of any new sales or income tax to no more than five percent, to meet the concern of implementing new taxes with no thought of restraining the growth of said taxes.

Alaskans need to feel secure that any new tax proposals will not grow unreasonably. My proposed constitutional amendment meets this concern. The idea of a statewide tax cap is similar to the approach taken by the Municipality of Anchorage in limiting the amount of property taxes that can be collected each year. This charter amendment has effectively constrained the municipal spending and protected municipal property owners. The municipal tax cap also maintains the relationship between economic growth and the ability of the municipality to pay for the demand for schools, roads, and police that accompanies economic development.

Some in the legislature have proposed a constitutional spending cap which would arbitrarily set a two or four percent limit on the growth of state services from year to year. While this approach has some appeal, it does nothing to meet the real concern about the growth of taxes. Under a spending cap, there is no limit to the amount of an income or sales tax. A cap on spending might mean that we have deteriorating schools but still pay high taxes. More importantly, it is impossible to sit here in 2002 and predict accurately the exact amount of schools, roads, or police we will need thirty or forty years into the future.