

Alaska

From 2002 to 2008, Alaska's spending increased the most in the highways (91%), parks and recreation (79%), health (74%), and administration (58%) categories. The increase in highways spending was the second-highest in the nation in terms of percentage. The spending categories that saw the least growth were debt service (12%), hospitals (7%), and police (6%). The state's overall general spending increase of 36% put it slightly above the average of all states (23rd). Alaska's per-capita spending ranked at or near the top in all categories except for hospitals and parks and recreation, surely due to the state's sparse population and unique geography.

Alaska's total tax revenue growth of 673% and total overall revenue growth of 219% were the highest in the nation for the period. On a per-capita basis, Alaska's total revenue ranked first in both 2002 and 2008, but total taxes jumped from 32nd in 2002 all the way to first in 2008.

Corporate income tax revenue grew 265%, the fourth-greatest growth rate in the nation, although this is mitigated, in part, by the lack of personal income taxes or general sales taxes in the state.

Spending (Spending and revenue numbers are in thousands of dollars)	2002	2002 Per Capita Rank	2008	2008 Per Capita Rank	Difference in Rank	2002–2008 Increase/Decrease	2002–2008 Increase/Decrease Rank
Corrections	173,844	1	243,961	1	0	40%	16
Education	1,566,815	1	2,165,387	2	-1	38%	31
Government Administration	364,837	1	574,841	1	0	58%	11
Health	160,168	9	279,028	4	+5	74%	7
Highways	687,407	1	1,315,648	1	0	91%	2
Hospitals	32,869	39	35,054	40	-1	7%	36
Interest on Debt	275,884	1	310,066	2	-1	12%	39
Natural Resources	240,427	1	284,520	2	-1	18%	27
Parks and Recreation	9,625	32	17,274	20	+12	79%	14
Police Protection	77,758	1	82,585	3	-2	6%	41
Public Welfare	1,150,533	2	1,477,255	2	0	28%	38
Salaries and Wages	1,097,282	1	1,515,581	2	-1	38%	16
Direct Expenditures	5,646,660	1	7,660,896	1	0	36%	27
General Expenditures	6,702,256	1	9,148,545	1	0	36%	23
Total Expenditures	7,402,469	1	10,115,914	1	0	37%	26
Taxes (Spending and revenue numbers are in thousands of dollars)	2002	2002 Per Capita Rank	2008	2008 Per Capita Rank	Difference in Rank	2002–2008 Increase/Decrease	2002–2008 Increase/Decrease Rank
Personal Income Tax ¹	0	N/A	0	N/A	N/A	N/A	N/A
General Sales Tax ²	0	N/A	0	N/A	N/A	N/A	N/A
Corporate Income Tax ³	269,273	1	981,673	1	0	265%	4
Total Taxes	1,089,504	32	8,424,714	1	+31	673%	1
Total Revenue	5,018,805	1	16,027,757	1	0	219%	1

¹ Personal income tax per capita rankings are out of 43 since seven states do not collect personal income taxes.

² General sales tax per capita rankings are out of 45 since five states do not collect general sales taxes.

³ Corporate income tax per capita rankings are out of 46 since four states do not collect corporate income taxes.

Comparison to Baseline Growth

One sound rule of thumb is that government expenditures should not increase more than the combined increase in population and inflation growth. This allows the government to maintain service levels and accommodate increased costs due to an expanding population and rises in the cost of living. For the 2002–2008 period, the Consumer Price Index, used to measure inflation, increased approximately 20% and Alaska’s population increased by 7%. This yields a “baseline” growth of 27% for the period. The figure below compares the difference in Alaska’s expenditures and revenue for the period to this baseline for 15 spending and five revenue categories.

