

First Approaches to Using Certain Receipts from Taxes on the Energy Producing Industry to Alleviate High Alaskan Energy Consumption Costs
October 26, 2007

A March 2007 ISER study by Ben Saylor and Sharman Haley entitled Effects of Rising Utility Costs on Household Budgets 2000-2006 contains a wealth of information assembled from many sources, and the following analysis is based on it:

Some quick math suggests that

- in 2006 the total bill in Alaska for solid or liquid heating fuel (for those that pay) was somewhere between 200 and 275 million dollars. (pages 7 & 9)
- However, natural gas is widely used for heating and cooking in Anchorage. Therefore, even though roughly half the population is from Anchorage, it accounts for less than 20% of the total “liquid or solid heating fuel” expenditures. (pages 7 & 9)
- Between 2000 and 2005 the price of diesel for home heating fuel has risen dramatically - 57% for Anchorage consumers and 83% in remote rural communities (page 2 of Executive Summary)

However the State (and federal government) has already focused on this issue and the following programs are in place. Without them, the problem may have been even more severe. (pages 41-42)

Power Cost Equalization

Municipal Energy Assistance Program

Low Income Home Energy Assistance Program

Bulk Fuel Revolving Loan Fund

Fuel Bridge Loan Program

Power Project Loan Fund

Bulk Fuel Upgrades Program

Power Fuel and Hydro Training

Weatherization Assistance and Enhanced Weatherization Program

Alternative Energy and Energy Efficiency

Recommendation: set aside a portion of tax receipts under .011 (g) and (h) – the so called progressivity tax - into a fund.

The legislature may use that fund

- (1) to study the problem, the efficacy of the solutions employed to date and recommend solutions
- (2) To enable local outreach efforts to make sure that affected communities, households, families and individuals are aware and able to take advantages of the programs already in place.
- (3) To fund or increase funds available to those programs that are proving useful and effective.
- (4) To fund recommended initiatives