

**From:** [Annie Passarello](#)  
**To:** [Senate Finance Committee](#)  
**Subject:** Testimony on the operating budget proposals  
**Date:** Tuesday, March 08, 2016 12:47:28 PM

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Dear Senate Finance Committee,

First off, I appreciate the challenge facing the committee and I want to say thank you for taking the task before you seriously as your proposal will impact all Alaskans.

I will not pretend to have had the time to look at every line item cut that was proposed as I do have a full-time job and as such simply do not have the time to read the entire breadth of Walker's document and other proposals.

That being said, I am in favor of limiting the PFD and creating a "set amount" each year. By capping the PFD two things will occur. First off, the public will be guaranteed a PFD so you will eliminate the ire that would surely occur if you cut the program entirely. Second, the cap would allow the funds generated in excess of the cap to be utilized in other areas of the budget. The oil crisis is not going to go away any time soon and Alaskans need to accept that. My proposal would be to cap the PFD at \$500.00 per person who qualifies and files on time.

Second, there is a warranted fear over the loss of jobs on the slope and in the oil sector. Instead of viewing this as a negative I suggest we look at this as an opportunity to take Alaska in the direction of renewable and sustainable resources. Renewable energy jobs are the largest growing sector of jobs in the country and Alaska can capitalize on that trend. We can begin to work to generate opportunities for solar energy to offset the loss of oil and gas. We need to invest in programs that can train solar installers and designers. In addition, the city of Juneau is embarking on a renewable energy project to power the city using hydro power. Again, this is possible in various regions of Alaska and would generate jobs to create. It is something worth considering as we move into a oil recession.

We need to create a budget that does not rely on the oil revenue. That is what created the problem we are not facing. Relying on single source revenue was never a good plan and someone had to have the foresight to think that someday that revenue would slow or dry up entirely. We need to diversify our revenue generation.

In addition to capping the PFD, I suggest an across the board, flat-rate tax of 1% to all households. Yes, it means filing state taxes, but that is not uncommon and in fact is it something that occurs in 46 other states. There is a growing number of out-of-state residents - meaning those of us from the Lower 48 that relocated to Alaska and now call Alaska home. For those of us from out-of-state paying a state tax is not a burden or unreasonable as this is something we are very used to. It would be novel to those born and raised Alaskans but not to the rest of us. A flat tax on all income, no loopholes, no exceptions, no corporate right offs, none of that, a rate of 1% for all of us equally applied would help balance the budget and not place any undue burden on the citizens.

Finally, the issue of a sales tax has come up. Some towns already have a sales tax, Homer and Wasilla are just two examples. The issues is how much to tax and what is taxable are the areas of concern. My suggestion is to look at Pennsylvania as an example. In Pennsylvania the sales tax is 6% but not on food, clothes, or items of shelter. Human necessities are not taxed.

Buying food in a grocery store is not taxed but eating at a restaurant is taxed. This means that tourists will help contribute to the overall state income as they predominately eat out and mostly don't buy clothes or items for shelter here. There is concern of sales tax but that will not impact tourism as again the majority of tourists come from countries, states, towns, etc that have very high sales tax. Furthermore the Pennsylvania tax rate has not changed once in 41 years (as long as I've been alive it's been 6%). It's not an egregious amount and it contributes to these states income.

These are my suggestions for your review. Thank you.

Sincerely,

Annie Passarello  
Anchorage