

**From:** [W Rice](#)  
**To:** [Senate Finance Committee](#)  
**Subject:** Budget feedback  
**Date:** Monday, March 07, 2016 5:42:04 PM

---

Senators,

You have asked for feedback regarding your approach to the financial crisis that the State faces. I have lived in Alaska since pre-pipeline days and have seen the rise and fall of the state's economy over those years. Here are my comments.

First, it is impossible to cut government costs enough to solve the problem. That is not to say that the legislature hasn't wasted ungodly amounts of money over the past years. Having said that, cuts need to be made in a way that does not jeopardize the long-term health of the state's economy. For instance, the idea of cutting research at the University, which actually brings in dollars to the state, goes beyond the usual shortsightedness of politicians and is flat stupid.

The first step to cutting costs is for the legislature to look to its own actions. The Taj ma Hawker, a futile lawsuit over Medicare, guns on campuses with its added security costs, the supposed reduction in Legislative budget that is actually an increase over last year's, subsidizing the oil industry through tax credits—these are all obvious wastes of money. The giant mega-projects that have been used to funnel the state's money to large campaign contributors need to be terminated. That includes Susitna dam, the Knik Arm bridge, the Juneau/Skagway road and the other pipe dreams that seem to have a zombie-like ability to rise from the dead. The state's money should be spent on improving the life of its citizens, not on subsidizing huge corporations or lining the pockets of a few connected people. Education, health care, safety, infrastructure are all things that we need to be very careful about defunding. We have a great state here—Don't Screw It Up!

Unfortunately, there are legislators who are more concerned with throwing up smokescreens of guns, Planned Parenthood, deporting old people, and other partisan agendas than they are in dealing with the difficult issues that we face. Those people either need to get to work or find another job. We need legislators who will lay out specifics instead of using meaningless terms like "right-sizing government" or "cutting fat". Unfortunately, I have yet to meet a politician of either party who was more interested in governing than in getting re-elected. The future is not measured in two year increments.

What you need to be talking about is how we can quit believing we are entitled to live in a welfare state, and start paying for necessary government services. Everyone needs to contribute, and those that can afford to contribute more should do so. That means not only a cap on the Permanent Fund dividend, but also an income tax that will ensure that those outsiders who come up here to work at Prudhoe or fishing Bristol Bay pay their share. A sales tax is a poor substitute for a graduated tax on income. A sales tax is difficult for small businesses, the money paid by tourists is far less than the income tax on out of state workers, and it hits hardest on those people least able to pay. A sales tax on a gallon of milk for an Anchorage resident will be a third of what will be paid by someone in a village.

Everyone needs to contribute, and that includes the oil industry. Yes, we need stability in our taxing system, but the the current tax regime is a stable cash cow for private industry. The same goes for the mining, fishing, and tourist industries. We are a resource extraction state, and those companies that get rich extracting those resources need to pay their share.

One suggestion that would make an income tax more palatable is to tie it to the date of the dividend, and make the dividend assignable as payment for those taxes. That would mean that a person living a subsistence lifestyle in the bush, and paying no taxes would receive his dividend (albeit a reduced and capped dividend); a non-resident would write a check for his taxes, just like they would in every other state; and people like me, who don't rely on the dividend for living expenses, and can afford to pay taxes, will simply have their taxes deducted from the annual dividend check.

I don't like paying taxes any more than anyone else. I also don't like paying for food, or replacing a leaking roof on my house. However, I do like what those payments produce, and I generally like the services the State provides. Someone in the legislature needs to have the balls to stand up and tell their constituents that if they want schools, police, health care, roads, parks, fish and game management, and the other amenities the State provides, they need to pay for it. The free ride was great while it lasted, but it is over, and the sooner you people in the legislature face up to that, the less painful the transition will be.

Needless to say, I have no hope that anyone in the Legislature will pay any attention to these comments, since they are not accompanied by a fat bribe (oops, I meant campaign contribution).

Skeptically yours,  
Wilson Rice