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To: [Senate Finance Committee](#); House.Finance.Committee@akleg.gov
Cc: governor@gov.state.ak.us; [Rep. Matt Claman](#)
Subject: Budget Feedback - in hopes you were serious in asking for it
Date: Monday, March 07, 2016 11:14:31 PM

Assuming as accurate the current situation is as reported, to wit:

The current FY16 Budget = \$5.6B

The current FY16 Budget deficit = \$3.5B

The current (2/29/16) CBR balance = \$8.21B

The current (12/31/16) APF Earning Reserve = \$6.146B

Total spendable reserves = \$14.35B

Why would a plan, broadly structured along these lines, not meet current and future budget crises?

Surely others wiser than I have proposed similar solutions.....

For FY16

- Legislatively (and in the future Constitutionally) limit Budget growth going forward to Inflation (CPI) plus a percentage (1%), or some reasonable formula.
- Set and attain target Budget cuts (real ones) = \$1.75B (half of current deficit).
- Use reserves (CBR and APFER) equal to attained target budget cuts = \$1.75B (In other words, if reserves to be tapped are desired to be \$X, the budget cuts must also = \$X).
- DO NOT institute State sales or State income Tax or Affect PFD's.

For FY17 (and beyond)

- FY16 Budget \$5.6B + CPI(1.4%) + Growth (1%) – FY16 cuts (\$1.75B) = \$5.765B.
- Set and attain target Budget cuts (real ones) = to ½ of deficit, if any (and until oil comes back and/or we further diversify there will be deficits).
- Use reserves (CBR and APFER) equal to attained target budget cuts = to 1/2 of deficit.

- DO NOT institute State sales or State income Tax or Affect PFD's.

Key Points to Incorporate in a plan:

- Manage Budget growth by requiring, constitutionally, a balanced budget.
- Never allow more than half of deficit to be met from Reserves.
- Require cuts for at least half of the deficit.
- Everything should be on the table.

Further random thoughts:

- At current Reserves of approximately \$14B, even with no growth and no relief, under a plan similar to above, approximately 7 + years of reserves is available WITHOUT SALES OR INCOME TAX OR AFFECTING PFD's.
- The only reason a plan similar to above couldn't be made to work would seem to be partisan politics and sacred cow programs to keep important constituents mollified and to enable you all to continue to be re-elected.
- You ALL were elected to represent ALL the people of Alaska as a body not favored individuals or organizations.
- We place our fiduciary trust in you to be proper stewards of our State resources (bottom line – income to run the state).
- Why then are we to be burdened with yet more tax on our individual earnings to support an out of control government body that collectively cannot fulfill its fiduciary and sworn responsibility?
- Do NOT attempt to avoid or abrogate your sworn fiduciary responsibility to the people of Alaska by putting any of the sensitive budget issues to a "Vote of the People". That is the cowards way out. If the issues are too tough for the legislative body to figure out and come to agreement on, why do we need you?
- With regards to the Oil Industry - come to a FINAL tax structure/formula (ideally that neither side is completely happy with) that will give both the State of Alaska AND the Oil Industry fiscal certainty for some decades to come. Said fiscal certainty will allow for proper planning and development by both parties without wasted time and energy spent on perpetual argument over who has the best deal today.
- At current Reserves of approximately \$14B, even with no growth and no relief, under a plan similar to above, approximately 7 + years of reserves is available WITHOUT SALES OR INCOME TAX OR AFFECTING PFD's. (repetition intended).

Respectfully, and with great hope but little confidence that the adults in the room will win out,

The Stock Family,

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Residents for 52 and 61 years respectively, and wishing to be able to afford to remain so for many more