

Doniece Gott

From: Rose Hanson <rose.hanson96@gmail.com>
Sent: Wednesday, March 23, 2016 8:33 PM
To: Senate Finance Committee; LIO Juneau; Sen. Anna MacKinnon
Subject: SB114 and SB 128 Restructuring the Permanent Fund Testimony

Members of the Senate Finance Committee,

Do not restructure the Permanent Fund to support State government until the following common-sense cost-saving measures have been taken. Otherwise, the money gained from Permanent Fund restructuring will be wasted.

1) The production oil tax credit program needs to be drastically reduced or eliminated this year. The credits give oil companies \$700 million more than the State would make in production oil taxes, and \$150 million more than the state would gather from ALL sources of oil revenue. **As it stands, the amount projected to be available after restructuring the Permanent Fund is the same as the amount given to oil companies through the tax credit program. I do not want money taken from my PFD to be given to oil companies.**

2) Eliminate funding for large capital projects that do not make sense at this time of financial crisis, including the Knik Arm Bridge and the Susitna Dam. Funding for these projects should be cut until we can afford them.

Sincerely,

Rose Hanson, a 22-year old lifelong Alaskan

From: Bill Vedders <billvedders@gmail.com>
Sent: Wednesday, March 23, 2016 9:17 PM
To: Senate Finance Committee
Subject: Using earnings is a must

Senator Peter Micciche and the Senate Finance Committee,

It is imperative that you vote to use permanent fund earnings to get us through this budget crisis. I loved Senator Micciche's analogy of saving for your child's college and then not using the college fund money when they graduate from high school. I believe it is irresponsible for any budget solution that does not use your permanent fund earnings.

Even more strongly, I will never vote for any of my legislators who refuse to use our earnings to bridge this gap.

As you realize this crisis must be resolved with additional revenue from Alaskans. I believe *everyone* in Alaska should contribute, not just working Alaskans. I favor a sales tax over an income tax.

Thank you for all you do, and please protect education from this budget crisis.

imagine this is the most difficult time in our great state's history to be serving in the legislature.

Sincerely,

Bill Vedders
04 Ash Avenue
Kenai, AK 99611
Senate District O

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Doniece Gott

From: Greg Demers <gdemers@horizonsatellite.com>
Sent: Wednesday, March 23, 2016 5:50 PM
To: Senate Finance Committee
Cc: Rep. Paul Seaton; Sen. Gary Stevens
Subject: testimony

I favor Gov. Walker's proposal.

In either case, don't try to deal with the budget crisis by depleting the Permanent Fund! It's time to implement revenue generating measures, including income tax, etc. Oh, and stop funding for the mega-projects immediately. How can you justify the Knik Arm bridge, or the Susitna dam at a time like this???

As for SB174, I think it's crazy.

Greg Demers
Anchor Point

Doniece Gott

From: sam beaty <aksambs@hotmail.com>
Sent: Wednesday, March 23, 2016 7:28 PM
To: Senate Finance Committee

Leave the dividend alone, no new taxes no income tax. I am tired of the spend spend spend mentality of the government. Cut spending until you have a balanced budget.
The people of Alaska are tired of you elected officials trying to figure out how to get your hands on the permanent fund. Leave it alone. The adds that are running now by the unions saying that the only answer is new taxes or revenue as they keep spewing is very sad.

Sent from my v device

Doniece Gott

From: richard olson <reverendpoorchild@yahoo.com>
Sent: Thursday, March 24, 2016 9:53 AM
To: Senate Finance Committee
Subject: PFD TESTIMONY, PLEASE ENTER AND/OR READ INTO RECORD

SETTING NEW 'PRECEDENT' THAT IT'S OK TO MESS WITH PFD ??? You walk on shaky ground ... I've talked to Jay Hammond years ago about his hope plan of PFD and I share HIS dream !!! I heard traitor Tony Knowles - he always was ready to 'sell out' Alaskans their PFD on a heart beat...Some say it is not right to cut some services...schools, liberties, roads...Well you should consider that it is not fair/right to take away from individuals that do not use certain services, have kids with school needs, many live in the bush- their only yearly pay check, million examples...People who don't need/ want PFD can donate. The words 'Permanent Fund Dividend' or 'PFD' should in no way enter any part of any conversation related to our State's budget short falls. Period. They be totally unrelated. About 25 years or so ago the state was going through a major budget crisis. We told them then, now tell them again. **LEGISLATORS, KEEP YOUR FILTHY HANDS OFF OUR PFD !** It belongs to us not you. It is not yours to spend or alter. It's not in your bank account, it is in ours ! If there are budget short falls or a crisis, it has absolutely nothing to do with our PFD. It has to do poor planning on the part of legislators, What part of the word 'permanent' do you not understand? Get used to it young and coming generations, you will need to take over protecting it! Double-speak, full of bull, sneaky snakes will make long-winded sweet talk proposals. They'll try to convince you positive change is needed, one beneficial for all ! They're doing again. Don't fall for it folks. Advocate impeachment/resignation or otherwise vote out of office any traitor legislator advocating any even slight change to PFD. Even the governor. You should hear the vermin State 'finance committee' yabbering filth as I write this, ;House Resource Committee also! If you don't have money, don't spend money stupids! Solutions; Straight-line across the board cuts, put state construction projects on hold, cut our legislator's wages in half, a graduated State income tax only as a last resort (while keeping exempt PFD). I think I am hearing a lot 'TROL' lobbyists calling in to your 'call-in' to finance committee, who live in the 'big city' and it doesn't really much matter to these about there PFD's...

Doniece Gott

From: Gerianne McLeod <gerimcleod@hotmail.com>
Sent: Wednesday, March 23, 2016 4:06 PM
To: Senate Finance Committee
Subject: permanent fund

Dear legislators,

I am writing to state the fact all Alaskans need to have the opportunities for an outstanding education that gives them a competitive edge in the world marketplace. All Alaskans need equal access to mental health professionals and children deserve opportunities for preschool and early screening. Our villages and cities need quality infrastructure of emergency services and a balance of recreation and arts opportunities to maintain healthy communities.

I realize that we are at a crossroad and decisions about the quality of life in Alaska are being made by you our elected officials. Substantial downsizing and loss of jobs and services has already taken away part of the life that we cherish here. Please consider taking the funds that we have set aside for maintaining quality of life in Alaska, the Permanent Fund Earnings, and use them to reestablish our state as a state that offers a quality of life that ensures the future of our children and grandchildren. The citizens of this great state need our monetary resources freed up to keep our young people here with jobs to raise their families. Use the Permanent Fund Earnings to break the stranglehold of fiscal instability that we now face.

Thanks for listening.
Geri McLeod- Juneau

Doniece Gott

From: Joe Pault <jpaultjr@hotmail.com>
Sent: Tuesday, March 22, 2016 12:07 PM
To: Senate Finance Committee
Subject: SB128 and SB114 -Permanent Fund Revenue Source to Balance Budget

Finance committee,

I read in the ADN that the Senate Finance Committee is taking public testimony on SB128 and SB114 and hence the reason for my email. An email seemed to be an efficient method to get my comments to the committee and besides I had difficulty opening the websites for local legislative information offices for testimony.

I believe the legislative session is approximately half over now and I appreciate the efforts of both the Senate and House to reduce proposed spending to levels prior to the budget run-up when the state was flush with cash from \$100+ price of oil. I believe proposed budgets have reduced spending from two years ago prior to the oil price crash by about 20% which is on par to what industry has done to reduce spending. Cutting spending has been the emphasis of the legislative sessions the last two years. The merits of the proposed cuts have been addressed by all sides and I am not an expert to predict whether the cuts for example to the University of Alaska system are justified based on longer term effects. But in my household if there had been a drastic reduction in revenue (like losing your job) then our family would have done the same to cut expenses as a first response. At the same time however we would have started the process of looking for another job so as to not deplete all our savings.

This is what I am writing about. Recent articles in the newspaper have me concerned that the Senate and House will not fully address and **TAKE ACTION** on the revenue side of the equation this session. Like Peter Micciche recently stated on a KTUU news bite that if you don't realize by now that new revenue sources are needed to balance the budget then you have not been listening. The hard core conservative representatives from the Matsu valley are saying that budget cuts are the action that will be taken for this session, they need more time to study new revenue sources and the state can just use CBR funds to balance the budget until later. This is very convenient in an election year and represents a lack of duty to get the job done. I would not do this in my family if we had this crisis.

I agree that not all revenue source options have to be nailed down in one session but the obvious big one for the required use of the Permanent Fund cannot be left to slip until these legislators think there jobs are safe. We need to cut the bleeding utilizing proposed SB128 or SB114 (or a hybrid of both) this year and then proceed to evaluate some of the smaller revenue generating options that will be required to balance the budget fully and spread the pain as you might say. I am not an economist but everything I have read says the Permanent Fund is a requirement to make our way out of this crisis. It is not an option to do or not to do and does not depend on the level of spending cuts. So why would we wait? Do it now.

I am a retired engineer here on the Kenai Peninsula and I have had discussions with many of my local friends in industry and the general public concerning this subject. Smart educated people and the sentiment is the same. Do your job that you were elected to do and do what is right for the State of Alaska. If a special session is required to complete this task then do so.

If action is postponed until next year I know one person (and there are many others) that will be voting in the fall for someone who can get the job done.

Thank you for your time.

Joe Pault

Kenai, AK

Doniece Gott

From: Mary Forbes <mmeforbes@gmail.com>
Sent: Wednesday, March 23, 2016 3:08 PM
To: Senate Finance Committee
Subject: SB 128

Dear Members of the Senate Finance Committee,

I am unable to attend and testify in person at tomorrow's hearing on the Permanent Fund Protection Act, SB 128. I strongly support SB 128 as part of a comprehensive solution to our State's fiscal problems. We moved to Alaska 24 years ago planning to stay for 2 years. We have stayed because we enjoy the quality of life and all Alaska has to offer. We have raised and educated three children in Kodiak and are hoping to retire here. Alaska can not maintain the quality of life it's citizens enjoy if the legislature continues to gut the state budget. We need new sources of revenue and we need to start using the Permanent Fund. I support a state income tax, sales tax, school head tax, and using money from the Permanent Fund Earnings Reserve to help fund State Government. If we continue to slash our budget, we will be causing a downward spiral that will add to and intensify our problems. People and businesses will start to leave our state adding to our economic woes. We must act now.

Thank you for considering my views.

Sincerely,
Mary Forbes
418 Mill Bay Rd
Kodiak, AK 99615
907-486-2685
mmeforbes@gmail.com

Doniece Gott

From: Sen. Pete Kelly
Sent: Wednesday, March 23, 2016 3:15 PM
To: Doniece Gott
Subject: FW: Public Hearing Comments Senate Finance 3.23.16 for the senate finance committee

-----Original Message-----

From: Laura [mailto:laurastatsdaugherty@gmail.com]
Sent: Wednesday, March 23, 2016 11:43 AM
To: Sen. Donny Olson <Sen.Donny.Olson@akleg.gov>; Sen. Lyman Hoffman <Sen.Lyman.Hoffman@akleg.gov>; Sen. Anna MacKinnon <Sen.Anna.MacKinnon@akleg.gov>; Sen. Click Bishop <Sen.Click.Bishop@akleg.gov>; Sen. Pete Kelly <Sen.Pete.Kelly@akleg.gov>; Sen. Peter Micciche <Sen.Peter.Micciche@akleg.gov>; Sen. Charlie Huggins <Sen.Charlie.Huggins@akleg.gov>; senatefinancecommitte@akleg.gov
Subject: Public Hearing Comments Senate Finance 3.23.16 for the senate finance committee

Dear Senators of Alaska State Legislature Finance Committee and Madam Chairwoman,

I have been watching the finance committee meetings on-line. Your diligence in seeking a solution to the problem to our budget is complex. Thank you Madam Chairwoman, for your attention to detail, asking questions of pertinence and moving the meetings in a positive direction.

After viewing todays meeting and those in the past 2 weeks, it is evident your decisions will need to be brave and bold. Use the permanent fund earnings. Instead of a permanent fund check to each individual person in the state, save our collective infrastructure to keep Alaska a great place to live. Let Alaska continue to have an infrastructure we can be proud of. I am in favor of an income tax should we need it. I want to live in a robust Alaska.

When you make this decision, do a blitz campaign on why this was the necessary decision. When the public is giving the facts behind a decision understanding grows.

Thank you and kind regards,

Laura Stats
418 7th St.
Juneau, AK 99801

Doniece Gott

From: Betsy Brennan and Mike Wade <betsmike@nome.net>
Sent: Wednesday, March 23, 2016 1:35 PM
To: Senate Finance Committee
Subject: Fw: SB128 and SB114 public testimony

March 23, 2016

Dear Senators,

I would like this entered into the public record for the two Senate Bills regarding Permanent Fund legislation you are hearing testimony on today. I have to work today and this is my lunch hour, so sending an email.

My name is Elisabeth Brennan and I live in Nome with my husband and two children. I have been a resident of Nome since 1988. I would like to express my frustration about the slow pace the legislature has taken in getting to the budget revenue part of the budget crisis equation. Frankly, the budget deficit did not suddenly appear overnight. The State knew this situation was upon us long ago. Both SB 128 and SB 114 have good merits. Personally, I believe SB 128 is the best option. Here is my humble advice: Pick one and go with it. I am willing to pay more taxes and have less PFD (or none!) to keep the state services we need for healthy communities.

Public polling shows Alaskans want three things: A balanced plan to restructure the PFD; Strategic budget cuts and; Trying out new taxes. This makes logical sense. So why is there so much delay? Relying on cuts alone will spell disaster for our State.

I have read news article and heard quotes from legislators saying we need to cut more before looking at revenue measures, or that the cuts that have already happened have not been felt because no one is complaining enough. Senator Kelly was quoted as saying he knows government is too big because "we cut a whole bunch of fat off of it and nothing happened." I wonder where he may be looking to see this "nothing" happening? Who may he be talking with that feels no repercussions from budget cuts that have occurred in the last several years?

In the area I live in, we have some of the highest rates of domestic violence and sexual assault in the ENTIRE NATION. Yet, we have had an unfilled State Trooper position for the last 5 months. Perhaps it may not be filled to help save the State of Alaska money. This does not seem right. Public Safety is important to communities, and the response time increases when you lose 1/7th of your public safety force in a large chunk of Western Alaska.

I attended a FY 17 budget meeting last night for Nome Public Schools. I care about the future of all children in my community (Two of them are my own). The School District in Nome will be cutting their budget by almost

\$1,000,000.00 from the FY 16 budget. The District has already operating on a very lean budget. There is no fat to trim, but class sizes will increase and Pre K funding is gone. Staff work to the best of their abilities with less, and supplies are being cut. Hard choices were made and our JROTC program will be cut for next year. The District is going into its fund balance to help balance the budget and make ends meet as they have for several years. Yet, some legislators think nothing is happening because of cuts?

We have an amazing University of Alaska System that looks to be gutted by some legislators. This is extremely scary and short sighted in my opinion. I hope my children will stay within Alaska for higher education. I see great hope for the youth of our State with such a fine institution. Can the University be better managed? Of course, and the powers that be are working on that change. But the proposed cuts I have read about will devastate a top notch education institution.

Please put in the hard work now in this legislative session. Do not prolong the situation and leave this important work of resolving the fiscal state for the future. Get serious about looking into revenue and work on a plan to fix the deficit that does not do irreparable damage to Alaska.

Thank you for listening and thank you for your service.

Elisabeth Brennan

PO Box 1623

Nome, AK 99762

Doniece Gott

From: Emily Kane <dremilykane@gmail.com>
Sent: Wednesday, March 23, 2016 1:11 PM
To: Senate Finance Committee
Cc: Rep. Les Gara; Rep. Cathy Munoz
Subject: State Budget and Permanent Fund

Clearly Alaska needs to diversify revenue sources. Please tap our rainy day fund wisely to continue to support critical infrastructure such as education and public safety.

Thank you

Dr Emily Kane

Juneau AK

www.DrEmilyKane.com

www.naturopathic.org

www.primarydoctor.org

Join with me in

Cultivating Exuberance

Doniece Gott

From: Janice Zilko <zilkoj@hotmail.com>
Sent: Wednesday, March 23, 2016 12:44 PM
To: Senate Finance Committee
Subject: Senate Bills 128 and 114 Testimony

Committee members,

I would like to comment on the above referenced bills. I approve of the proposals to use Permanent Fund earnings to pay for certain budget items - education and health care. Since these are two of the state's largest expenses, and these expenses directly benefit all residents of Alaska, I encourage the legislature to use this resource to help pay for education and health care.

I would not want to see Permanent Fund earnings wasted on other endeavors.

I would approve of a cap on the Permanent Fund Dividend of \$800-\$1000 per Alaska resident, which seems to be approximately what the dividend has paid out over the years. Continuing to pay out dividends of \$2000 plus per year when we have a huge budget deficit does not make financial sense.

Janice Zilko

11067 Bulwark Circle

Anchorage, AK

Doniece Gott

From: Sen. Anna MacKinnon
Sent: Wednesday, March 23, 2016 12:40 PM
To: Senate Finance Committee
Subject: FW: Public Hearing Comments Senate Finance 3.23.16 for the senate finance committee

Kristen Pratt
Legislative Aide
Office of Senator Anna MacKinnon
Alaska State Legislature
Alaska State Capitol | Room 516
(907) 694-8944

-----Original Message-----

From: Laura [mailto:laurastatsdaugherty@gmail.com]
Sent: Wednesday, March 23, 2016 11:43 AM
To: Sen. Donny Olson <Sen.Donny.Olson@akleg.gov>; Sen. Lyman Hoffman <Sen.Lyman.Hoffman@akleg.gov>; Sen. Anna MacKinnon <Sen.Anna.MacKinnon@akleg.gov>; Sen. Click Bishop <Sen.Click.Bishop@akleg.gov>; Sen. Pete Kelly <Sen.Pete.Kelly@akleg.gov>; Sen. Peter Micciche <Sen.Peter.Micciche@akleg.gov>; Sen. Charlie Huggins <Sen.Charlie.Huggins@akleg.gov>; senatefinancecommitte@akleg.gov
Subject: Public Hearing Comments Senate Finance 3.23.16 for the senate finance committee

Dear Senators of Alaska State Legislature Finance Committee and Madam Chairwoman,

I have been watching the finance committee meetings on-line. Your diligence in seeking a solution to the problem to our budget is complex. Thank you Madam Chairwoman, for your attention to detail, asking questions of pertinence and moving the meetings in a positive direction.

After viewing today's meeting and those in the past 2 weeks, it is evident your decisions will need to be brave and bold. Use the permanent fund earnings. Instead of a permanent fund check to each individual person in the state, save our collective infrastructure to keep Alaska a great place to live. Let Alaska continue to have an infrastructure we can be proud of. I am in favor of an income tax should we need it. I want to live in a robust Alaska.

When you make this decision, do a blitz campaign on why this was the necessary decision. When the public is giving the facts behind a decision understanding grows.

Thank you and kind regards,

Laura Stats
418 7th St.
Juneau, AK 99801

Doniece Gott

From: Dan Parks <dan.aaron.parks@gmail.com>
Sent: Wednesday, March 23, 2016 12:36 PM
To: Senate Finance Committee
Subject: Senate Bill 128 and 134

I would like to share my support for Senate Bill 128. I grew up in Alaska and am grateful for the foresight our former legislators had in creating the Permanent Fund for when the oil boom days end in order to sustain critical functions of our state like education and infrastructure. I don't want to see our kids education degraded, roads crumbling, and remote communities abandoned because of idle ferries.

I also support Senate Bill 134 as it plays a part of Bill 128. I can't count the number of people I have met who have enjoyed great paying jobs created in this state (north slope, commercial fishing etc..) but take all their income to another state they live in spending it there. Thats why I support a modest income tax to capture some of this and return back to the state that created those good paying jobs.

Thank You,

Daniel Parks

Alaska Resident

Julie Decker
P.O. Box 2138, Wrangell, AK 99929
juliedecker@gci.net

Co-Chairs Kelly and MacKinnon
Senate Finance Committee
Submitted via Wrangell LIO

RE: Support for SB 114 / SB 128, and other actions to close the fiscal gap

Dear Senate Finance Committee,

March 23, 2016

I am writing to express ***support for some type of restructuring of the Permanent Fund Earnings which allows for a smaller dividend payment and use of the remaining earnings for state government - similar to either SB 114 or SB 128.***

I have lived in Wrangell for over 20 years. During this time, I have served as a volunteer on various local, regional and statewide boards, including Wrangell's Economic Development Committee, the Wrangell Assembly, Southeast Conference, and Alaska Fisheries Development Foundation. I also completed by Masters degree in Public Administration, with a concentration in Natural Resource Management, from UAS. Consequently, I clearly see this issue as much more than balancing a budget – it is about sound fiscal policy, and navigating troubled waters without capsizing the boat.

I have listened to four presentations regarding the current fiscal gap given by the Administration, Senator McGuire, and Representative Seaton. I have used the online tools provided by the Governor's Office and Rasmuson Foundation to look at various options to decrease spending and increase revenues. I have also studied other information sources on state spending and revenues over the last 15 years. Given this research, I support the following four actions.

Action #1: I support additional cuts, in the range of 10%, across the board. Across the board cuts allow all state agencies and the public to recognize the problem, to understand that no agency is sacred, to accept the fact that everyone has to share in the solution, and to start managing for a new fiscal reality. As a commercial fishing family, we often have to manage annual swings in revenues of over 30%, so I know 10% is manageable. However, as you know, the \$4 billion gap cannot be closed by cuts alone. A combination of cuts, new taxes, and using part of the Permanent Fund Earnings is the only solution that fills a gap as large as \$4 billion.

Action #2: I support some form of **SB 114 or SB 128**. I understand that use of the PF Earnings disproportionately hits lower income families. However, I also understand that the two largest

departments in the state are the DEED and DHHS, providing services which are also more heavily utilized by lower income families. So, there is some balance there.

Action #3: Legislators can also provide additional equity by implementing an **income tax**, which will more heavily hit higher income families. Additional increased taxes are also legitimate to consider, although they do not come close to the size of these other revenue measures.

Action #4: The third action I support is a **revision of the oil tax credits**. They are not working as intended and promised to the public. This should be revisited as a part of the overall solution.

I urge you to take action this session. I understand these are difficult decisions, and Legislators are “damned if you do & damned if you don’t”. However, this is the job for which you are paid – to understand the issues, to communicate the facts to your constituents, and to find solutions which satisfy most.

Thank you for your service,



Julie Decker

March 23, 2016

Honorable Co-Chairs Senators Kelly and MacKinnon and Senate Finance Committee Members,

Thank you for the opportunity to testify on SB114 and SB128, the Permanent Fund Dividend bills. I am in favor of you using the reserves earnings of the Permanent Fund Dividend. I think it is a good use for the general good of the people and a good proposition for the people of Alaska to help in this financial crisis we are facing. The whole purpose of the dividend was to help the individual people and this will help by maintaining our services and not taxing us too much.

I am also in favor of a modest income tax that everyone that works in Alaska pays. This includes those working in Alaska that may not call Alaska their home.

Thank you again for this opportunity to send in my testimony.

Sincerely,

Robert Grant

PO Box 167

Wrangell, Alaska 99929

Doniece Gott

From: Leslie Stella <rivershore1507@yahoo.com>
Sent: Wednesday, March 23, 2016 11:36 AM
To: Senate Finance Committee
Subject: Support SB 128

Hello-

I write with my support for SB 128.

This bill will help to stabilize AK's financial situation, allowing for long term planning. To rely on one source of revenue (oil) for the state's budget causes uncertainty and wide swings in revenues.

It will ensure shared sacrifice to get our state past it's current situation and toward an even keel.

Leslie Stella
PO BOX 8895
Kodiak, AK 99615

Doniece Gott

From: Mike Stinebaugh <mstinebaugh@stinebaugh.com>
Sent: Wednesday, March 23, 2016 11:32 AM
To: Senate Finance Committee
Subject: Alaska Fiscal State

Dear Committee Members,

Below is an email that was sent to Senate President Kevin Meyer last month. The fiscal conditions in Alaska haven't changed. To solve our economic problem, this legislature needs to do something besides cutting state government. Cutting state government is not a viable solution. It will not solve our financial problems.

As I am sure you have noticed, all of the credible leaders in Alaska are saying the same thing: **we need to get our economic house in order**. They all agree, **in addition to reducing the cost of government, Alaska needs to increase revenues**. Reducing tax breaks to the oil industry, establishing a fixed dividend amount and implementing an income or sales tax all need to be considered. Long term, let's structure the permanent funds to provide an income stream that the state can use for operations.

BTW: Several of you have stated that the cuts that have been made so far haven't caused any hardship. Tell that to the gentleman that was laid off from my company two weeks ago. I own a 12 person Anchorage based engineered HVAC equipment sales company.

If you care to speak with me, my mobile number is 907-242-8117.

Mike Stinebaugh

Stinebaugh & Company

mstinebaugh@stinebaugh.com | www.stinebaugh.com

Direct: 907.264.6006 | Office: 907.345.8021

From: Mike Stinebaugh
Sent: Wednesday, February 24, 2016 11:53 AM
To: 'Senator.Kevin.Meyer@akleg.gov' <Senator.Kevin.Meyer@akleg.gov>
Subject: Alaska Fiscal State

Mr. Meyer,

As a long-time Alaska citizen, active voter and small business owner, I am writing to ask that you get realistically involved in solving the fiscal crisis that we are faced with here in Alaska. Let's face it - the economic tide in Alaska has changed. The price of oil is down and the TAPS output continues to decline. The source of our state revenue has diminished to the point that it will not sustain state government. **We have had a good run here in Alaska, but it is over. Now is time to do something about it and it is your job to do it.**

Fortunately, concerned individuals and organizations are speaking out on the subject. Ed Rasmuson gave a presentation at my Rotary Club several months that describes what happens if we procrastinate. It only will get worse next year, and worse yet the year after. We need a plan.

Doing nothing is not a strategy, it is politics at the lowest level. In addition, we can't reduce the size of state government and solve this. All of the credible economists say that increasing state revenues, in addition to reducing the size and cost of government, is needed. Although there isn't consensus on how to increase revenues, the most common partial solutions are: increase user fees, cap the dividend, implement a state sales and/or income tax and reduce tax credits on Alaska oil. If you look at the numbers, it is clear, we need several revenue elements. Most importantly, we can't afford to simply defer action until later. I repeat: contrary to what some of your colleagues in the legislature contend, the fiscal problem can't be solved by simply cutting state government.

If you wish to discuss this in person, please give me a call. My mobile number is 907-242-8117

Regards,

Mike Stinebaugh

Stinebaugh & Company

mstinebaugh@stinebaugh.com | www.stinebaugh.com

Direct: 907.264.6006 | Office: 907.345.8021

Testimony by Barry W Santana to Legislative Finance Committee on SB128 and SB114 Use of PF by State Government. 03/23/2016

I appreciate the opportunity to provide my humble comments on use of the Permanent Fund for government services contained in Senate Bills 128 and 114. I was a resident of the state when the Permanent Fund was created and have benefited from the dividends it has provided in years past. I will go into greater detail on each bill later, but what strikes me as the worst aspect of both bills is the decoupling of the PFD from the Permanent Fund investment trust grown over the last 35 years. To substitute the underlying foundation of the PFD with oil, gas and mineral royalties, known to be extremely volatile, no matter how large a percentage, from a proven investment trust is borderline criminal. **The PFD should.... must... come from the same source as any future government revenue extracted from the existing Permanent Fund.** This fund has been one of the few successes in Alaska fiscal history and is owned and managed for the citizens of Alaska.

SB128

I agree the proposal to direct petroleum royalties and petroleum production taxes into the Permanent Fund is a good one. This is referred to as a Sovereign Wealth Fund in the bill. I would simply propose that this framework be modified to **direct ALL petroleum royalties into the Permanent Fund** (or Sovereign Wealth Fund, if you prefer) and then direct a portion of the earnings reserve to the General Fund AND Dividend. This allows the Dividend to retain the stability gained from buffering volatile petroleum royalties in the larger, more diversified invested Permanent/Sovereign Wealth Fund. It also allows retention of the previous gains of the Permanent Fund originally intended for residents of Alaska as founders of the Fund envisioned.

I do not agree with the plan to have a direct fixed withdrawal of \$3.3 billion (or any large fixed amount) withdrawn from the fund. I recommend using a Percent of Market Value (POMV) endowment model for distribution of withdrawals from the Permanent/Sovereign Wealth Fund. This will protect Fund principal from unsustainable depletion by government spending or dividend payout if done properly. I also believe that inflation-proofing the principal of the fund immediately after any withdrawal is made is important. I have seen several studies that propose 5 percent of total market value as reasonable amount. If this is accomplished using **real** rate of return, inflation-proofing is built-in. Independent sources such as ISER, or even the permanent fund investment team, should evaluate and determine an equitable percentage. The POMV concept should be made a part of the Alaska Constitution to prevent easy future manipulation of the concept or specific terms. Also, in the short term (FY2017 to 2018), it may be acceptable to cap the PFD to a lower value than recent dividends, say \$1,000. Withdrawal formulas will have to be studied to fairly determine the amount directed to the PFD and the amount directed to the general fund now and in the future. A larger fund created by this bill's concept will help the process. The goal is to share investment gains fairly between the annual dividend and government services based on revenues available from volatile petroleum sources deposited into the Permanent Fund.

To compliment this long term solution using realized gains from the Permanent/Sovereign Wealth Fund, other revenue sources must be developed. The Law Department has explored other sources of revenue and evaluated endowment models using various forms of POMV in the recommendations of "A Sound Fiscal Future:" dated October 26, 2015. This study, and others that may be available, can assist the Legislature in developing a methodology to implement a plan to address our current fiscal shortcomings and provide a more stable financial future for Alaska.

SB114

I agree with the POMV concept that this bill uses to tap the Permanent Fund. As I mentioned earlier, **I do not agree with de-coupling the PFD from the current PF investment model and tying it to volatile petroleum royalties.** I would modify the bill's approach to direct ALL petroleum resource revenues into the PF and then take a 5 percent of market value (or suitable percentage determined by ISER or other independent experts) and divvy it up between the annual PFD and general fund revenue. After each annual draw, a reasonable amount would be directed back into the PF principal for inflation-proofing or alternatively using **real** rate of return for the percentage of market value. I have attached a mark-up of the original slide "SB114 Proposed Cash Flow" to illustrate the modified concept. I don't think that the legislature syphoning off 5% of the current PF Earnings Reserve Account and directing it to the general fund is an appropriate way to go. I believe that the POMV **concept** must be a part of the Alaska Constitution and agreed upon by a majority of Alaskans before it is used.

With a 5% POMV draw from the PF earnings reserve account (ERA), Senator McGuire's presentation showed a potential of \$2 billion for the general fund. This would mean the ERA would have about \$40 billion in it at the time of draw. This seems high to me if the PF has about \$52 billion currently. It is unclear to me at this point how much money is in the ERA or how this account is invested and managed. I recommend a restructuring of the Fund, putting all Alaska resource revenue into the fund and then drawing from the fund using the POMV concept using a technique assuring a long-term **real** rate of return that will allow for inflation-proofing of the Fund.

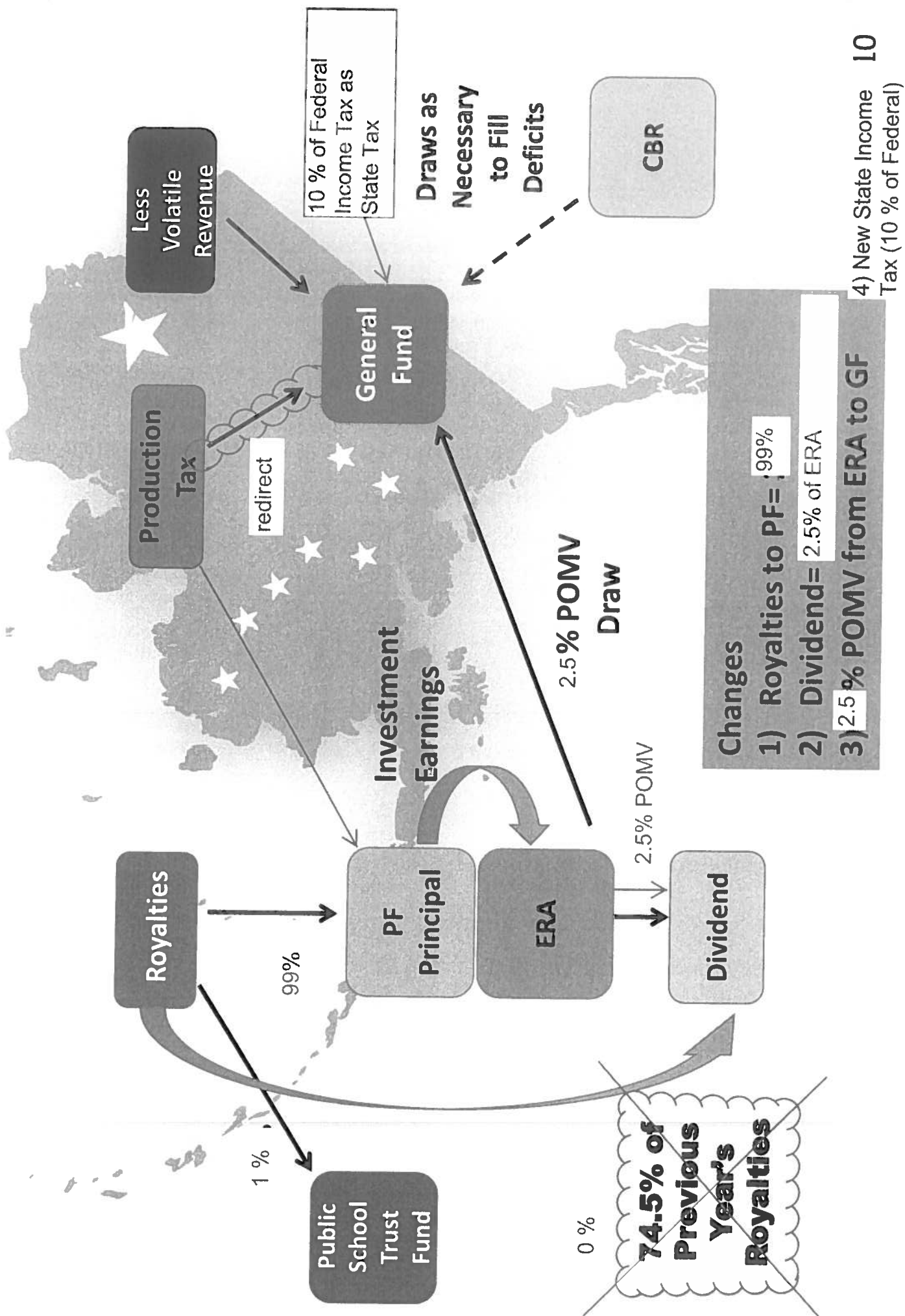
For the current year and next it may be appropriate to target a PFD of closer to \$1,000 to help preserve the remaining CBR until spending is cut and other taxes are implemented.

It is apparent to me that additional sources of revenue must be found, and soon, to augment use of portions of the PF in any manner, all the while reducing government spending to a level that residents of Alaska are willing to pay for with taxes and use of their Permanent Fund. This needs to be done without destroying the fund that has been one of the few successes in Alaska fiscal history!

Thank you for the opportunity to comment.

Barry Santana, 907.373.9459

SB 114 Proposed Cash Flow



Doniece Gott

From: Bill Ward <bward@hughes.net>
Sent: Tuesday, March 22, 2016 8:50 PM
To: Senate Finance Committee
Subject: SB 128, SB 114

This is submitted as testimony on the hearings for SB 128 and SB 114.

I am **in favor** of the legislation to restructure the earnings of the Permanent Fund which would allow it's use for the necessary obligations of state government.

I support the capping of the dividend paid to Alaska residents to be limited to \$1000 or even \$500 provided the extra money available to the state is used to benefit all the residents by means of basic services and infrastructure development.

I do not support it if the money is used primarily to maintain the bloated bureaucracy of the state.

Submitted by:

Bill D Ward
Box 1087
Delta Junction, AK
907-895-5415

Doniece Gott

From: Joyanne Bloom <joyanneb@gmail.com>
Sent: Wednesday, March 23, 2016 8:57 AM
To: Senate Finance Committee
Subject: SB128 Yes!

The rainy day has come in a downpour! Founders of the Permanent Fund were wise to set this money aside. I don't need a \$2000 bonus check. I'll settle for \$1000 or even \$500. I support SB128 so the Fund can be used as it was designed.

Respectfully yours,
Joyanne Bloom

--
Joyanne Bloom
883 Basin Road
Juneau, Alaska 99801

(907) 723-3604

Doniece Gott

From: Martin Schuster <mdschuster@alaska.edu>
Sent: Wednesday, March 23, 2016 8:29 AM
To: Senate Finance Committee
Subject: Walker's fiscal plan

To the Senate Finance Committee of the State of Alaska,

I would like to encourage the Committee to consider a diversified approach to closing our budget gap. While I can see the temptation in using our State's savings to close the gap until our revenue returns to average levels I believe that now is the time to change the way that we see our State's revenues. An income tax that is a fraction of the federal income tax is not something to be afraid of. A hike in our amazingly low gasoline tax is not something to be afraid of. Cutting the oil tax credits that cost our State hundreds of millions of dollars annually is not something to be afraid of. I believe that the people of Alaska realize that we can't indefinitely survive on oil revenue, though we've done so for a long time. As governor Walker has said, the time to change our paradigm is during this legislative session, when economic hardship makes it clear that there is a better way.

I humbly encourage the finance committee to consider all the options, and to have faith in your constituents that we will understand the difficult decisions you must make this legislative session,

Sincerely,

Martin Schuster

Doniece Gott

From: Betsy Brennan and Mike Wade <betsmike@nome.net>
Sent: Wednesday, March 23, 2016 8:06 AM
To: Senate Finance Committee
Subject: SB128 and SB114 public testimony

March 23, 2016

Dear Senators,

I would like this entered into the public record for the two Senate Bills regarding Permanent Fund legislation you are hearing testimony on today.

My name is Elisabeth Brennan and I live in Nome with my husband and two children. I have been a resident of Nome since 1988. I would like to express my frustration about the slow pace the legislature has taken in getting to the budget revenue part of the budget crisis equation. Frankly, the budget deficit did not suddenly appear overnight. The State knew this situation was upon us long ago. Both SB 128 and SB 114 have good merits. Personally, I believe SB 128 is the best option. Here is my humble advice: Pick one and go with it. I am willing to pay more taxes and have less PFD (or none!) to keep the state services we need for healthy communities.

Public polling shows Alaskans want three things: A balanced plan to restructure the PFD; Strategic budget cuts and; Trying out new taxes. This makes logical sense. So why is there so much delay? Relying on cuts alone will spell disaster for our State.

I have read news article and heard quotes from legislators saying we need to cut more before looking at revenue measures, or that the cuts that have already happened have not been felt because no one is complaining enough. Senator Kelly was quoted as saying he knows government is too big because "we cut a whole bunch of fat off of it and nothing happened." I wonder where he may be looking to see this "nothing" happening? Who may he be talking with that feels no repercussions from budget cuts that have occurred in the last several years?

In the area I live in, we have some of the highest rates of domestic violence and sexual assault in the ENTIRE NATION. Yet, we have had an unfilled State Trooper position for the last 5 months. Perhaps it may not be filled to help save the State of Alaska money. This does not seem right. Public Safety is important to communities, and the response time increases when you lose 1/7th of your public safety force in a large chunk of Western Alaska.

I attended a FY 17 budget meeting last night for Nome Public Schools. I care about the future of all children in my community (Two of them are my own). The School District in Nome will be cutting their budget by almost \$1,000,000.00 from the FY 16 budget. The District has already operating on a very lean budget. There is no fat

to trim, but class sizes will increase and Pre K funding is gone. Staff work to the best of their abilities with less, and supplies are being cut. Hard choices were made and our JROTC program will be cut for next year. The District is going into its fund balance to help balance the budget and make ends meet as they have for several years. Yet, some legislators think nothing is happening because of cuts?

We have an amazing University of Alaska System that looks to be gutted by some legislators. This is extremely scary and short sighted in my opinion. I hope my children will stay within Alaska for higher education. I see great hope for the youth of our State with such a fine institution. Can the University be better managed? Of course, and the powers that be are working on that change. But the proposed cuts I have read about will devastate a top notch education institution.

Please put in the hard work now in this legislative session. Do not prolong the situation and leave this important work of resolving the fiscal state for the future. Get serious about looking into revenue and work on a plan to fix the deficit that does not do irreparable damage to Alaska.

Thank you for listening and thank you for your service.

Elisabeth Brennan

PO Box 1623

Nome, AK 99762

Doniece Gott

From: Charlotte Fox <cafox@gci.net>
Sent: Wednesday, March 23, 2016 7:21 AM
To: Senate Finance Committee
Subject: 2017 budget

Dear Finance Committee:

Please take steps to ensure a healthier future for our state by determining a revenue method for sustainability. While I prefer Governor Walker's combination of revenue methods, and combination of Permanent Fund earnings coupled with income tax would suit us.

What is not acceptable is not taking action NOW on this critical issue. We can't cut our way to prosperity.

Charlotte Fox
10230 Carlson Road
Anchorage, AK 99507
907-903-0450

Doniece Gott

From: Bill Ward <ward-farms@hughes.net>
Sent: Wednesday, March 23, 2016 5:56 AM
To: Senate Finance Committee
Subject: Testimony SB114 & SB128

I would like to provide testimony on SB114 and SB128.

I support these pieces of legislation which will reduce the dividend payout each year to the residents of Alaska and allow the State of Alaska to use part of the earnings for basic needs.

I remember that the fund was initially established as a "rainy day fund" and if needed it could be used in the future. The reduced income from oil revenues at this time justifies the need for these monies by the state.

Since these earnings are considered property of all the residents of Alaska, it is important to me that the utilize these fund to pay for basic services and development projects that will benefit all Alaskans.

I do not want these monies to be used just to keep funding a bureaucracy that is to big. Our large government came from excess oil wealth and now must be reduced to live within our means.

Submitted by:

Marcia E. Ward
4225 Ward Farm Rd
Delta Jct., AK
907-895-5415

Doniece Gott

From: Bruce Jaffa <bruce@jaffaconstruction.com>
Sent: Tuesday, March 22, 2016 9:55 PM
To: Senate Finance Committee
Cc: Sen. Peter Micciche; 'Ben Jaffa'; 'Carole Jaffa'; 'Jake Jaffa'
Subject: SB 128 & SB114

Senators Micciche, McGuire , et al.

Although my work assignment is heavily in Fairbanks, I will try to attend the Seward meeting.

I have considered the deference between the Governor's Bill SB 128 and the Finance Committee Bill SB 114. Obviously both plans have merit. The method used to use the PF for benefit in the current crisis can be debated endlessly depending on the individual views of participants. Suffice to say some change in the distribution of the PFD is needed. Thankfully we have this opportunity. The debate of what is meant by a "rainy day account" was postponed until now. Whichever method is used, the citizens, legislators and voters of this State MUST decide philosophically if we wish to support the needs and obligations of Statehood. I believe the use of the PF or rather PFD should be a small bridge to help us cross the funding gap.

We have had a free ride for a long time based on the extraction of a finite resource. Participation can be explained as simply as "put your money where your mouth is". The complete cancellation of statewide taxes in the 1980's was ill conceived. Today we have become a population with our hand out expecting the government to meet our requests with no pain. That pain is meeting our responsibility. Any plan to solve Alaska current shortfalls should include the reinstitution of a graduated income tax. This tax will be collected from all wage earners regardless of their place of residence. Further, immediately reinstitute the "School Tax" that was assessed to all workers. This tax had been dedicated but could just as easily be collected to the GF. This is a small amount in the overall scheme of things, but some of us still think it is important to collect pennies, after all each penny puts us that much closer to our goal.

I have had discussions with my Moose Pass neighbors and in other parts of the State. I believe that most Alaskans realize the time for personal income taxes is now or right around the corner. As the Governor's description of delays has merit, please find the resolve to address these remedies in the current term. I believe that the need for a special session would suggest timidity. The plans have been on the table for long enough to fully consider already.

Respectfully,

Bruce Jaffa

Quality Control Manager

907-224-8002 Seward

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Bruce@jaffaconstruction.com

Doniece Gott

From: MICHAEL WISNEWSKI <alaskamike38@hotmail.com>
Sent: Tuesday, March 22, 2016 7:16 PM
To: Senate Finance Committee
Subject: Yes to APFPA

To the Finance Committee,

My wife and I both support Senate Bill 128, the bill to use part of the permanent fund to fund the government of AK. We have collected the dividend every year since its inception, and at the very beginning, I felt that it was a marvelous far sighted thing to set up for the state. Even back then, I thought that someday, the state will need to use it for the budget. That time has arrived.

Combine it with taxes, perhaps an income tax and/or a small sales tax (not too big as local areas need sales taxes too). Cut spending as much as you reasonably can.

We have to have a good plan. I think we have enough wise heads in the legislature to do it and to do it now. The Perm. Fund has been the goose that laid golden eggs. The goose will be dead if we don't start using some of the eggs to support the government. We can do it without killing the goose if we are smart and set it up wisely.

Lastly, Alaska has been very good to us. I feel we owe the state some help.

Sincerely,
Mike and Marcy Wisnewski
201 W. Mattle Rd.
Ketchikan, AK
99901
907-247 2376

Sent from Windows Mail