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Temsco Helicopters, Inc.

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Alaska Alpine Adventures, Inc.



March 28, 2016

Alaska State Legislature
State Capitol
Juneau, AK 99801
Via email

Dear Alaska State House and Senate Members:

The Alaska Travel Industry Association (ATIA) is the leading statewide non-profit organization for the tourism industry representing over 700 members. Last week, the ATIA Board of Directors met and stated their support for the Alaska State legislature to adopt a plan this session that utilizes the Permanent Fund Earnings Reserve to help stabilize Alaska's budget and put Alaska on a better fiscal and economic path now and into the future.

The travel industry is a vital part of Alaska's economy, responsible for 46,000 jobs and \$3.9 billion in economic activity. Thank you for your service and the work you are doing on behalf of all Alaskans. Please do not hesitate to contact us should you have any questions.

Sincerely,

Colleen Stephens
ATIA Board Chair

Sarah Leonard
President & CEO

CC: Governor Walker

Doniece Gott

From: Sen. Anna MacKinnon
Sent: Monday, March 28, 2016 11:17 AM
To: Senate Finance Committee
Subject: FW: Support - Use of PF Earnings - Senate Bills 114 and/or 128 - FEDC Resolution and Op-Ed
Attachments: AK Fiscal Challenge 12.15 Resolution - Approved.pdf; Athena - Outside the Box Fiscal Thinking.pdf

Kristen Pratt

Legislative Aide
Office of Senator Anna MacKinnon
Alaska State Legislature
Alaska State Capitol | Room 516
(907) 691-8911

From: Jomo Stewart [mailto:jstewart@investfairbanks.com]
Sent: Friday, March 25, 2016 9:34 AM
To: Sen. Anna MacKinnon <Sen.Anna.MacKinnon@akleg.gov>; Sen. Pete Kelly <Sen.Pete.Kelly@akleg.gov>
Cc: Sen. Lesil McGuire <Sen.Lesil.McGuire@akleg.gov>; Heather Shadduck <Heather.Shadduck@akleg.gov>; Laura Cramer <Laura.Cramer@akleg.gov>
Subject: Support - Use of PF Earnings - Senate Bills 114 and/or 128 - FEDC Resolution and Op-Ed

Dear Co-Chairs,

Thank you for the opportunity to Testify yesterday on Senate Bills 114 and 128; legislation related to use of Permanent Fund and other investment Earnings in rectification of the State's ongoing fiscal challenge. Per that testimony, please find attached the referenced FEDC Board Resolution (Dec. 2015) and News-Miner Community Perspective (published June 7, 2015); the former calling on policy-makers to take a balanced approach to fixing the budget, and the latter offering them encouragement and license to "think outside the box" in doing so – with one idea being using PF Earnings to fund government and resource development revenues to fund dividends.

I hope you might include these original documents in the Record of discussion of SB 114/128.

With my Compliments, Respect and Warm Regards,

Jomo Stewart

Energy, Military & Mining Project Manager

Fairbanks Economic Development Corporation

907-452-2185 office

907-978-0655 mobile

330 Wendell St., Ste. E

Fairbanks, AK 99701

December 18, 2015

Resolution

FEDC Board of Directors asks Alaska's Political Leaders to work together to resolve Alaska's fiscal challenge. With Alaska State expenditures exceeding revenues by more than \$3 Billion dollars, there is no easy solution to balancing the State budget. Achieving long-term fiscal stability, affordability and sustainability for the State of Alaska will require a mix of continued cuts to government spending and increased revenues including use of State investment earnings.

Regarding spending: achieving a smaller, more efficient, more sustainably affordable State Government is critical to Alaska's future fiscal health. Therefore, the Board believes reductions in the cost and, likely, scope of government are necessary to redress Alaska's systemic budgetary imbalance.

Regarding revenue: providing the State revenues sufficient for it to operate and invest effectively in and for the public interest is critical to Alaska's future fiscal health. Therefore, the Board believes that, in addition to increases in user fees, implementing some type of broad-based statewide taxation and the use of some portion of the Permanent Fund earnings to fund State government must to be considered.

We also believe that inaction will, with certainty, lead to Alaska's failure and failure is not an option. Therefore, the Board of FEDC encourages Alaska's policymakers to move forward without delay on a solution.

As the story goes, Pallas Athena, Goddess of Wisdom, was not “born” but instead burst forth fully formed and flawless from the throbbing mind of Zeus.

What follows ain’t that. But, having watched our statewide policy-makers’ faltering attempts to make heads, tails or any headway toward meeting the State’s myriad fiscal challenges, I hope I’ll be forgiven for trying to relieve my own headache - by lobbing out a couple, admittedly, half-backed budgetary ideas for consideration.

A couple years ago, I was sitting in the audience of a presentation by the Alaska Gasline Development Corporation regarding the status of the in-state natural gas bullet line when its President, Dan Fauske, mentioned that while he was its CEO, it was customary for the Alaska Housing Finance Corporation to reserve a portion of its bonds issuances for purchase by Alaskans.

He said it as an aside but for me it was a veritable revelation and dovetailed with something I’d been thinking about for some time.

I’ve always found it peculiar that Alaska can be both flush with opportunity and cash, and yet be woefully lacking in the infrastructure needed to capitalize on its un- or under-tapped resources and perennially short of the capital to develop them. A complementary peculiarity is Alaska owning a stupendously successful investment house like the Permanent Fund Corporation - which kicks off a thousand-plus dollar dividends annually to 700,000-plus Alaskans - and yet having no apparent complimentary State-supported investment vehicle by and through which private Alaskans might be allowed the opportunity to invest in building Alaska.

Now, as a broke single dad, struggling to support himself and two wee-ones on non-profit wages, I’ve not the free-funds to play widely or often in the “market” - I generally need every dollar that hits the hand to feed the mouths. However, if there was a way for me to turn my yearly Permanent Fund Dividends into “shares” in, say, a Susitna Dam or a Trans-Alaska Gasline, I’d probably do it.

Put another way: Though I’d assuredly grumble at being forced to make “involuntary contributions” to state government in the form of taxes, I, like scores of pull-tab players, would more agreeably “self-tax” to support development of beneficial state infrastructure through targeted direct investment of my PFD.

While speaking of the Permanent Fund and dividends, revenues and expenditures, state-wide development and public funding, another interesting idea came to me this spring. Or, rather, an idea was brought to me by a friend who is both intellectually brilliant and the possessor of very-high-level, multi-branch governmental experience.

The idea? Rather than pay for state government with oil revenues and for dividends with investment returns, why not flip that paradigm and pay for government with investment returns and PFDs with resource development revenues?

As ideas go for restructuring public finance and creating a new “Alaska business model,” this one appears to check a great many fiscally- and politically-necessary boxes. A couple of the biggest are:

Today, on a “net” basis, Alaska Inc. has rounded the corner where returns on its market-based investments (like the Permanent Fund, Constitutional Budget Reserve and other savings and holding accounts) exceed oil revenues. And, except for the Great Recession years, those returns have exhibited far less volatility than those of oil. Therefore, making the governmental wagon-hitch switch to

investment income would likely mean both greater and more stable revenues into the state's general fund.

Today, there is "psychic disconnect" in Alaska that allows a tie-dye and sandals wearing UA undergraduate (whose in-state cost of attendance is subsidized, by up to two-thirds, by legislative appropriations to the University of Alaska system) or a Sierra Club bumper sticker flaunting Anchorage Volvo driver (who's roads would be pot hole strewn mud ruts if not for constant state supported repaving) to unknowingly protest the very developments which make those tuition-subsidy and transportation dollars available to the legislature: Prudhoe Bay and Cook Inlet oil and gas development, Interior mining, coastal fishing, etc. Tying residents' dividends directly to resource development would do much to close that mental disconnect between "the money" and "where the money comes from" – turning more Alaskans into active proponents of sensible resource development, rather than idle observers or reflexive naysayers.

Alaska's policy-makers, under the gun of historic deficits, have already been working to prudently prune state spending. Soon they'll begin considering ways to increase state revenues. They know, as we all should, that Alaska is in a fiscal "box" of its own creation and must have a new business model. Personally, I hope they'll take a little inspiration from the Goddess and, along with consideration of the standard off-the-shelf policy prescriptions like income or sales taxes, give some wise consideration to a creative idea or few from outside the "box."

Doniece Gott

From: Sen. Anna MacKinnon
Sent: Friday, March 25, 2016 12:49 PM
To: Senate Finance Committee
Subject: FW: permanent fund revenue

From: Orin Seybert [mailto:oseybert@gmail.com]
Sent: Friday, March 25, 2016 12:21 PM
To: sen.peter.micchiche@akleg.gov; Sen. Pete Kelly <Sen.Pete.Kelly@akleg.gov>; Sen. Donny Olson <Sen.Donny.Olson@akleg.gov>; Sen. Anna MacKinnon <Sen.Anna.MacKinnon@akleg.gov>; Sen. Mike Dunleavy <Sen.Mike.Dunleavy@akleg.gov>; Sen. Lesil McGuire <Sen.Lesil.McGuire@akleg.gov>; Sen. Lyman Hoffman <Sen.Lyman.Hoffman@akleg.gov>; Sen. Kevin Meyer <Sen.Kevin.Meyer@akleg.gov>; Orin Seybert <oseybert@gmail.com>
Subject: permanent fund revenue

When I testified before the Senate Finance Committee on the 24th, I overlooked one of the major points in my scribbled notes. There have been comments in the last few weeks that there is several billion dollars in the CBR, which is our last savings account. The comments have been that we can just use those savings to get by until a solution comes along, such as rising oil prices.

That is extremely speculative and short-sighted. I cannot imagine any responsible businessman or entity resorting to such desperate tactics, while there is an alternate source. That is like burning the furniture to keep the house warm for another day. The savings account should only be used after all other alternatives have been used, and in this case we have an alternative.

From the fifty billion dollars in the permanent fund corpus, just the interest earnings alone every year will nearly close the gap, on a sustainable basis. The dividend program can be retained, as well as the inflation-proofing. We badly need to reinstate the income tax, so we can all share in carrying the load. We lived with it for years, and it worked very well, simply taking a percentage of the Federal income tax, it was very simple and efficient, and the people that make more, pay more. A sales tax may be needed as long as it is not regressive, in other words basic staples would be exempt so the lower income residents would not be impacted. The advantage of a sales tax is we would derive revenue from the tourists and visitors.

I think there have been more than enough budget cuts. Although the operating budget has risen over the last twenty or thirty years, so has the population. It would be interesting to compare the per capita cost of the budget from then to present. Any further cuts, particularly to education, would negatively affect our economy, and be self-defeating.

Respectfully submitted

Orin Seybert
1344 W. 7th Ave #A
Anchorage, Ak 99501
(907) 632-5109

Doniece Gott

From: Barb Doty <barbdotymd@gmail.com>
Sent: Saturday, March 26, 2016 4:48 PM
To: Senate Finance Committee
Subject: Permanent solution to budget

Please support a full budgetary fix during this session including restructuring the permanent fund as an endowment. We Alaskans should not be paying the Federal Government individual taxes on PFD dividends then assessed a higher sales or income tax to balance the budget! I support the governor's proposal

Barb Doty MD
Mat Su Borough Assembly

Sent from my iPhone

Doniece Gott

From: Jennie Hafele
Sent: Friday, March 25, 2016 4:34 PM
Subject: FW: Please forward to appropriate lawmakers

Please distribute and enter into the record the emailed testimony below to the bills in your committee:

SB 128 PERM. FUND:DEPOSITS;DIVIDEND;EARNINGS in the Senate Finance Committee
SB 114 PERM FUND: EARNINGS, DEPOSITS, ACCOUNTS in the Senate Finance Committee

HB 250 INDIV. INCOME TAX: CREDITS; RETURNS in the House Finance Committee
SB 134 INDIV. INCOME TAX: CREDITS; RETURNS in the Senate Labor and Commerce Committee

Thank you,
Jennie Hafele
Fairbanks LIO

CC: Interior Delegation Members

From: Marin Kuizenga
Sent: Friday, March 25, 2016 12:27 PM
To: LIO Fairbanks
Subject: Please forward to appropriate lawmakers

Dear LIO,

Thank you so much for the information provided via phone. I am a proponent of the role of government, and am happy that you are present to receive my comments and direct them on to the appropriate legislators. Thank you for your assistance in forwarding my note. - Marin

Dear Legislature,

I am an average Alaska citizen of 26 years. I own a house in Fairbanks, my company statewide office is based in Fairbanks, supporting academic research at the University of Alaska Fairbanks. My children attend school here. I love Alaska and do not plan on leaving however, if you do not deal with our economy, and if you gut our schools and universities, and communities, I will have no choice but to leave, taking my family and discouraging my employer from using this base for our work place. I would like you each to know my views:

1. We need to fundamentally rework Alaska's economy away from its oil-only dependence.
2. We need new revenue. We need a sustainable balanced budget – a visionary plan, not dim-witted cutting
 - a. **I am fine with you taking my PFD, all of it. Take it.**

b. I like government services and am grateful for any number of them. I like my streets plowed, my teachers to be paid, the LIO to exist, and so on. If we must, let's have an income tax.

I am appalled with the representation the Interior is getting from the likes of Senator Pete Kelly and Representative Tammie Wilson. [And don't even get me started on the guns on college campuses idea. What a nut case.]

I appeal to those who have vision and courage to understand that there are average Alaskans who want what is best for this state, long term. Please work for a better budget that preserves what we have in Alaska, and asks what we can give back to the State.

Thank you,

Marin Kuizenga

1953 Swallow Drive

Fairbanks, AK 99709

polarmarin@gmail.com