

From: [Naomi Norback](#)
To: [Senate State Affairs](#)
Subject: SB21 and SB26
Date: Saturday, February 18, 2017 12:27:29 PM
Attachments: [ATT00001.txt](#)

I am pasting a picture of a page in Jay Hammond's book, "Bush Rat Governor" please read the chapter where he talks about the establishment of the PFD. I am totally against the legislature changing what was set up by Jay Hammond! Leave the permanent fund alone. I am willing to pay my fair share for state services, but would choose a state income tax. That way we could catch some of what is flowing out of our state by people who are here just to make money. This should never have been taken out in the first place.

out of cash. Annual earnings from this account would be divided in half: fifty percent would be dispersed in cash dividends to all Alaskans, in the form of one share of dividend-paying "stock" for each year of residency since statehood.

I'd considered providing health or unemployment insurance instead of cash dividends. Others suggested subsidized loans. Since absolute equity was a necessary objective, however, I preferred to let each Alaskan — not the politicians — decide how he or she should spend some of the resource wealth each owned.

Children's dividends would be held in an interest-bearing account until age eighteen. Persons moving out of Alaska would relinquish their "stockholder" shares.

Legislative reception for Alaska, Inc. was not cordial. The proposal was referred to a multitude of committees for interment.

Fortunately, a few lawmakers shared my concern that, unless something was done to sweep some of our coming oil wealth off the legislative smorgasbord, *all* would be consumed by programs the state couldn't possibly sustain when our one-time wealth declined.

Had it not been for the substantial efforts of a few legislators like Clem Tillion, Oral Freeman, Hugh Malone, Clark Gruening (Ernest Gruening's grandson), Terry Gardiner and a few others, Alaska would surely have followed suit. After much debate, these visionaries persuaded their colleagues to pass legislation creating an investment account. Unfortunately, it bore little resemblance to Alaska, Inc.

Rather than creating an invasion-proof account by an amendment to the Alaska Constitution, the legislature's investment account was statutory and could be tapped any time at legislative whim. Instead of depositing half of all resource lease, bonuses and royalties, deposits were halved again, to twenty-five percent. Also lopped off was any reference to severance taxes — a tax paid for 'severing' a resource from its owner — which accounts for almost half of Alaska's oil income. Legislative pruning reduced the contributions I had proposed by almost 75 percent!

In light of these mutilations I was not surprised to find also scissored out any reference to dividends or to "Alaska, Inc." In place was the misnomer, "The Alaska Permanent Fund."

"Permanent?" Only until a subsequent legislature decided otherwise. Nothing but a constitutional amendment could keep politicians from breaching the public's investment account. Anything less was an invitation to raid. Consequently, I reluctantly vetoed Alaska's first Permanent Fund. In my veto message I reiterated my concerns and insisted the issue be put to the electorate as a constitutional amendment.

The legislature grumbled but complied, and the 1976 general election saw Alaskans vote overwhelmingly to create a far more nearly PERMANENT Fund. While fund earnings can be spent as the legislature chooses, the fund itself is protected against political onslaught unless a statewide vote decides otherwise.

From: [Ward IV](#)
To: [Senate State Affairs](#)
Subject: Dividend and taxes
Date: Friday, February 17, 2017 5:44:00 PM

Senate Bills 21 & 26

Senators, as a citizen of Alaska since 1961, I want to go on record that our State government has been on a drunken spending spree for a long time, with oil dollars flowing in to our coffers.

I have not begrudged our employees one bit their benefits. Our fellow citizens their services delivers at the State trough.

Now that the spigot is being closed down, we need to make some TRUE cuts in spending, before we start digging into the pockets of our citizens!

Only then, once the pain has been felt by those who have most benefited from our largess, does the state have the right to reach into our pockets, and take our hard earned money, not a moment sooner.

Having been here this long, (started paying taxes in 1977) I have seen this happen multiple times. Every time before, noise of collecting an income tax is the first thing I've heard when dollars get tight. Thankfully, each time before, we've been saved by rising oil income/production. I'm not so certain this will be the case during our current predicament.

Even now I live in Anchorage, and am working my 29th year for United Airlines, currently based in Los Angeles, flying the 787. As you may know, we faced tough times, and my salary was cut in half, and I lost my pension. In large measure, due to our cuts, the airline still survives.

I'm not asking the state to do anything I haven't personally lived through already.

Please comprehend, the dollars you take out of our pockets are hard worked for, and earned! We value those dollars far more than the dollars the state has helped itself to all these years, even though the worth is the same, and technically, the ownership has been the same.

Please consider taxation with the same fear and trepidation you would have in reaching over to your seat mates' pocket, taking his or her wallet, taking their money out of that wallet, and handing the wallet back. More than likely they would swat your hand before you got very far into that process. That is what you are doing considering taxing us before any significant, painful, cuts to state spending.

Ward - Sent from my shoe-phone. Please ignore tie-poes

From: [Jessica Wesley](#)
To: [Senate State Affairs](#)
Subject: HandsoffPfd
Date: Saturday, February 18, 2017 3:49:55 PM

Hello my name is Jessica Wesley. I am a single mom of two. I disagree with you greedy legislature. Keep your hands off the pfd. Low income need that money to pay bills, rent, buy food, heat our homes for the winter. Make more cuts to government. Reduce the size of your salaries. People are already struggling financially just to feed their families. Put the people first not your greed.

From: [C](#)
To: [Senate State Affairs](#)
Subject: Income tax/balanced budget/PFD
Date: Monday, February 20, 2017 10:13:43 AM

Do not reduce or eliminate the PFD.

The best way to balance the budget would be to first look at all of the government funded jobs and reduce them. Many management positions could be discarded, some secretary positions, and anyone dealing with unnecessary regulation enforcement.

We need teachers, we do not need people working on paperwork. Get rid of the behind the scenes people, get rid of the union bloat, get rid of the unnecessary regulations. Let the teachers just teach.

Second, reduce all state government salaries so that the MAXIMUM salary is right at the average Alaskan income. This will not only reduce the state budget enormously, but it will give the Alaskan government the proper incentive. If the life of the average Alaskan improves, then your life will too.

Third, stop any and all new state funded projects (building new roads, building new buildings, etc.). Let us deal with what we have now.

Alaska is a VERY expensive place to live. If you make it more difficult to live here, by adding income tax, or state tax, or reducing the PFD, many people will leave.

Christina Partridge

From: [Jessica wesley](#)
To: [Sen. Mike Dunleavy](#)
Date: Monday, February 13, 2017 10:46:01 AM

Please we need our pfd for low income alaskans. It helps with foof and bills we cannot afford. I have two young children they depend on our pfd this years. Lawmakers have no right to touch our pfd.

From: jahalaska15@yahoo.com
To: [Senate State Affairs](#)
Subject: No Income Tax or Restructuring of the Permanent Fund
Date: Sunday, February 19, 2017 10:57:15 AM

We do not need an income tax or restructuring of the Permanent Fund.

The school administration and schools are too top heavy with personnel as well as receiving high salaries. There use to be a principal, VP and some secretaries who were able to manage the day to day business and did it efficiently. Put some of the administrators back into the classrooms with less huge salaries. Also start teaching the children the basics again. We have failed to educate our children properly and put more money into the system which is not working. More money does not make our children any smarter.

Also some state employees are getting salaries that are outrageous and not performing their jobs.

Don't tax Alaskans who are already paying higher prices because they live in Alaska.

Thank you.

Jim & Annette Harpster
PO Box 2846
Palmer, Alaska 99645
907-746-1740

From: [Joan Bundtzen](#)
To: [Senate State Affairs](#)
Subject: Permanent fund
Date: Saturday, February 18, 2017 4:58:03 PM

If you are trying to balance the budget using the permanent fund, PLEASE DO! It makes no sense to me to have a huge bureaucracy to distribute money and then tax it away with another huge bureaucracy. There should be no permanent fund distribution until the budget is balanced.

Joan Bundtzen--a voter.

From: [Joseph Butcher](#)
To: [Senate State Affairs](#)
Subject: PFD
Date: Friday, February 17, 2017 11:09:20 PM

Restore the PFD. it was to be governed alone nothing more both SB 21 and SB 26 are a money grab and Walker should be held responsible as it is under his watch that the PFD is enduring this theft. The governance of the PFD is for disbursement alone and not for restructure, the Legacy of this fund is unlike any other in the Union of our great United States of America and should remain as was intended by the creator of the fund anything else is a crime the calculate used to create this fund does in no way only depend on oil and the creator of the fund new that this would be a concern and the letter of what he wrote is clear, the attempt to manipulate this fund for government use is a crime, it is the peoples. even with the lowest payout it is still a payout and seeing that it has been profitable is called attention Nationally the greed seen at this point is sickening and an embarrassment to our state. When no cap is placed on spending and rather rejected by the establishment and by the government at any level and yet a cap is attempted and insisted upon the accounts of other that have been favorable such as we have seen in the PFD it is unrecognizable that these meeting are even considered honorable. I insist you do the right thing and put the PFD at it's default state and do as is stated within and govern it's disbursement alone. It has been needed but withheld and with no legal ground to do so and yet the peoples recourse is lacking in justice and access to that justice.

From: [Ric Davidge](#)
To: [Senate State Affairs](#)
Subject: REF: SB21 and SB26
Date: Friday, February 17, 2017 3:25:18 PM

To the Chair and Members of the Committee:

I am opposed to both of these bills.

For two years the Dems and the media have been telling Alaskans that “we can’t cut our way out of this”

This is not true. No, not alternative facts. It is NOT TRUE. NOT TRUE.

The Dunleavy Plan now makes this very clear. Yes we have to use some of our savings, but that’s what it is there for.

But we don’t have to ‘harm’ the economy – oops forgot we are already in a recession due to oil price/income drop.

No we don’t have to harm the economy with state budget cuts, there are dozens of proven management strategies that can help reduce spending.

One I’ve testified about many times is the state goes to a 32 hour (4 days) work week.

BTW: with the imposition of Obama Care tens of thousands of small businesses went to a 32 hour work week. Most are still there.

The move to a 32 hour/4 day work week is not a layoff. It is a ‘temporary’ reduction in spending – across the board.

Employees get to choose if they are off on Monday or Friday (usually half and half) that way you keep the doors and services open.

Did you know that the bargaining unit agreements allow a 4 day work week? I know, you have to read them, but I've read all 13 of them.

A move to a 32 hour/4 day work week would reduce the cost of state government by \$500,000,000 a year – according to Leg Finance.

When income goes up you can add hours per week.

This is just one example of proven private sector management choices that can be made when facing a loss of income.

So, why can't we do things like this?

The reason is very simple. Public Sector Unions and their financial influence over Legislators. That's not what I said. It is what many in the legislature tell me.

The Dunleavy Plan is the right choice.

1. Put a real cap on state spending by fixing the formula in our constitution – Alaskans support this strongly.
2. Reduce spending by \$300M a year for three years
3. Use funds in our savings accounts
4. Keep your hands off the PFD – no reason to touch it.
5. NO NEW TAXES – cause they really don't help.

i. Since almost half of Alaskans don't pay federal income tax – why are they factored in with a state income tax? No, half of Alaskans won't pay it.

ii. Now you could put in a flat income tax that applies to all Alaskans – but again the Dems won't support that.

No sales taxes – they are don't needed and again the Dems will exempt lots of spending.

If you make it a flat sales tax and there are no exemptions for anything, but you set a ceiling on taxing only the first \$1,000, now you can generate some income

But how much will this cost for the state to manage? Some say more than half of this new income

And its not needed.

So, my testimony is simple.

No new taxes

Leave the PFD alone

Cut spending by \$300M a year for three years

Use some of our savings

And PLEASE adjust the cap on state spending in our constitution.

Ric Davidge, MPA/PM

Chairman, District 20

Chairman, Platform Committee

Alaska Republican Party

907 229 5328

From: [Carol Carman](#)
To: [Senate State Affairs](#)
Cc: [Sen. Mike Dunleavy](#)
Subject: SB 21 & SB 26 Public Testimony
Date: Saturday, February 18, 2017 10:43:41 AM

Hello Scary Senate,

Now that the House is in the hands of the crazy democrats (and 3 muskrats), we rely on you to hold the line on fiscal sanity. Problem is that we are scared of what you are going to shove down our throats, given what you did last year... Make no mistake - we are adamantly opposed to any restructuring of the PF as in SB 21 & SB 26 or any other scary scheme you may derive.

Please do not act like democrat - just say **NO** to **SB 21** and **SB 26**.

You will be our heroes if you support Senator Dunleavy's bills to **restore** the PFD, and **cut** the size of our government to a **sustainable** level with **NO** change to the PFD, and **NO** new taxes. And guess what? That would actually support the Republican Platform!

Please include this for the record with the public testimony on SB 21 & SB 26 that is happening next Tuesday, the 21st.

Bcc: Other Scared Alaskans

Carol Carman
Chair, ARP District 9E
907-746-8670 - [Facebook](#)
Secretary, Alaska Republican Assembly
[alaskara.com](#) - [Facebook](#)

From: [Katherine Hicks](#)
To: [Senate State Affairs](#)
Subject: SB 21 & SB 26
Date: Saturday, February 18, 2017 12:16:40 PM

I am shocked that you are even considering these bills. I truly believe that you are introducing these bills knowing that either of them will eventually lead to the destruction of the Permanent Fund.

If you would go to <http://www.missioncriticalalaska.com/> look under budget, you can see how little you have actually cut from the overspending that occurred during the "Glory Days". Notice that the Designated General Fund has grown by over \$23 million dollars in 2017 alone.

I do not think it is appropriate for us to be taxed while the State continues to spend. I would recommend that you cut the operating budget and the designated funds that you have.

How do you think your constituents feel when we here our Governor announcing the opening of offices in Texas and Japan (at enormous expense) yet you want to take our Permanent Fund? This LNG fiasco is getting old. It seems we've wasted enough money on this "Pipe Dream".

I urge you to take the advice of Senator Mike Dunleavy and stop raiding the Permanent Fund. I have included a link to his 6/26/16 letter to ADN:
<https://www.adn.com/commentary/article/alaska-must-cut-state-spending-800-million-get-sustainable-budget/2016/03/15/>

I am fairly confident that the next thing you have in mind is to implement a tax on us. We don't need taxes until you quit recklessly spending.

Katherine Hicks
Anchorage

From: [Sandi Williams](#)
To: [Senate State Affairs](#)
Subject: SB's 21 & 26
Date: Saturday, February 18, 2017 1:05:04 PM

I do not support either of these bills. I am very much interested in the implementation of Governor Hammond's 50/50 Plan. The government's portion would be to fund ESSENTIAL government services. I recommend all of you watch this slide presentation:

<https://www.slideshare.net/mobile/bgkeithley/implementing-governor-hammonds-5050-plan-fairbanks-budget-blitz-2162016>.

What's intended to be done in these two bills will hurt the state and it's people forever more. The state government must seriously consider privatization (or outsourcing) non-essential services in order to bridge the gap. They have not done so yet.

In fact, they seem adamant that they will not do so. That is a shameful act of selfish government power. It must stop. In addition to privatizing a good portion of non-essential services, I suggest you also look to cutting frivolous administrative positions. In many departments you have become top heavy. Though this would not be an issue should those departments be privatized.

Thank you for watching the attached slide show and considering my suggestions.

Sandi Williams
Wasilla, Alaska

Sent from my iPhone

From: [Gordon Bartel](#)
To: [Senate State Affairs](#)
Subject: Senate bill 21 and 26
Date: Friday, February 17, 2017 1:50:02 PM

For every dollar of Permanent fund taken or additional taxes, there should be a corresponding \$5.00 decrease in government spending until the available funds meet the spending requirements.

Gordon Bartel
Phone 907-344-4490
Fax 907-344-4492
gbartel@bcxllc.net

From: [Mike Grace](#)
To: [Senate State Affairs](#)
Subject: Testimony on SB 21 and SB 26
Date: Saturday, February 18, 2017 11:27:39 AM

Greetings fellow citizens and legislators;

I am submitting this written testimony about SB 21 and SB 26, regarding the permanent fund and state budget controversy. As a general principle, I think it would harm the state government and the citizens it serves, if the legislature were to adopt these bills as law. Since the oil prices dramatically dropped in the recent past, and the recovery of higher prices has been slow, the state suddenly found itself in a budget crisis. As you all know this crisis comes from the fact that the state is predominately dependent upon oil and gas revenues gathered to finance the state budget. If oil prices are high then we have a booming growth in revenue, and if prices drop we have the typical bust in revenue. This trend is well known and Alaska's leadership is well aware of it.

Yet the growth of expenditure for the state government grows and is rarely, if ever, cut. The history of the legislature is to organize the budget in such a way that it does not recognize this well known trend of boom and bust in the Alaskan economy. The budget does not have a logical connection to the real economic trends of the state. Frankly, more cuts should be made, before new taxes and a looting of the perm fund should ever even be considered.

My reason for taking this position, is that if allowed to loot the perm fund, the state budget will never be restrained to rational limitations, and the same dysfunctional pattern of extravagant wasteful spending will continue. Taking from the perm fund and raising new taxes only empowers the legislature to continue in it's addiction to unhealthy spending and growth in unnecessary government services. I liken it to giving an gambling addict another loan, that we know he/she will never repay, only to repeat the same crisis again later. I predict that if you open the perm fund for state expenditure, irrational growth in spending will continue, the perm fund will be exhausted, and the state will again find itself with another budget crisis in the near future. Except by then, the state will have raised all the tax options possible, exhausting the tax payer with new burdens, and killing the perm fund by bleeding it like a leach.

At that point there will be no other option, but to simply do the painful cuts that should be done now, with the exception that such cuts will be more harmful then than now. More cuts are inevitable, reality will make itself felt sooner or later, regardless of the budgetary delusions that are presently entertained.

The legislature should form a budget based upon an average price of a barrel of crude oil at

\$40 to \$50, knowing that sometimes it will be higher and other times lower. Budget planning from year to year should not be based upon the price of oil that year, but based on a long term average. When there is surplus revenue in booming times, the revenue should be saved for leaner times, rather than spent like a gambling addict does at the casino. Further, it must create an environment in Alaska that diversifies the economy, rather than making it dependent upon the energy industry almost exclusively.

Governor Walker and those that have his budgetary outlook are simply looking for a quick fix. That quick fix is like a band aid on a broken leg, it may look like a solution but it is not. It does not address the unhealthy growth in state spending on extravagant projects that other states would never dare to attempt. As a citizen that loves this great state, and wants a bright future for my children here, I believe we need to adopt a, "tough love," policy towards the budget. We need fiscal discipline. It may hurt, but it will also make us better off in the long run.

If Governor Walker continues in this path he has chosen, I will be voting for another candidate for the office. And I will do likewise for legislators that also continue in this excessive and extravagant spending. I have seen first hand the excesses in state spending. Those of us who work in the private sector can not borrow for our expense and expect others to pay the debt. We are disgusted with the state's addictive habit of incurring debts through general obligation bonds, with we, the private sector tax payers, as the collateral. Such a scenario is like a gambler who gets to use other peoples' credit cards at the casino, but doesn't have to pay the credit card bill.

I could site examples of this, but only one is necessary to make my point. Near Nenana where I reside millions of dollars were spent to make a bridge across the Nenana river for access to energy development and some agricultural land. If I am correct, I believe the total expenditure to date is around 13 million dollars. It was budgeted to be sufficient to build the bridge, but now that the money is all spent, the bridge is still unfinished. This was funded partly by state bonds and state grants. To a tax payer, paying 13 million dollars for a bridge that will never be finished, and was never genuinely needed is excessive and wasteful. This is only one example among many.

Yet the legislature and Governor have the shameless nerve to suggest new taxes and raiding the perm fund. If the state leadership is determined to steal the perm fund from future generations, then I demand a return to property owners possession of their mineral rights. I own more than one property and the state retains all mineral rights, allegedly under the pretense that the perm fund payout is compensation for this. Give me my unrestrained mineral rights and you can have the perm fund.

Everyone that I know is angry about this dysfunctional tendency to solve problems by creating

new ones. The state leadership needs to prove by substantial action that it will live within the boundaries of its means, before any consideration of new revenue sources. Generally Alaskans are tired of this juvenile handling of the public treasury. It's time for Alaska to grow up like other states have.

Thank you for lending me your attention and hearing. From Mike Grace of the Nenana area.

From: [Woodrow Hull](#)
To: [Senate State Affairs](#)
Subject: testimony on stealing Alaskans PFD
Date: Friday, February 17, 2017 11:37:01 PM

leave the PFD alone start drilling for oil and natural gases as planned and mine for coal use our natural resources as promised. Stop stealing what was promised and protected in the State Constitution. Restore what was illegally stolen from the State Residents and fix the budget by cutting the fat not on the backs of the people you work for.

From: [Andrew Brewer](#)
To: [Senate State Affairs](#)
Subject: Written Testimony for SB's 21 and 26
Date: Monday, February 20, 2017 12:40:56 AM
Attachments: [Testimony on SB 21 and 26.docx](#)

To: Chair of the Senate State Affairs Committee

Re: Senate Bills 21 and 26

With HB 115 being fast tracked thru the House, it is interesting to see how the Senate will respond to the Budget Challenge vis- a- vis the use of Permanent Fund Earnings.

These two Bills are called “restructures” in terms of how the payout is calculated from the Fund, and both of them change the critical word “transfer” to “appropriate”. In that sense they are similar. There are those who find those two changes sufficient to sink both of these Bills in Committee. Exposing the Dividend to the gubernatorial veto has already been shown to be a very bad idea.

Beyond that, the similarities end. SB 21 is the only one that has any merit. It proposes a 50/50 split of a 4.5% of market value distribution. With 2.25% going to the Dividend first, that would yield a payout of \$1600-\$1700 per recipient, and \$1.1-1.2 Billion available for the General Fund. And SB 21 makes provision for the other half to be distributed to the Dividend, if circumstances allow. Inflation proofing is supposedly taken care of in the choice of a 4.5% annual distribution.

This year’s PFD payout would have been matched by 50% of a 5.25 POMV distribution. So the 4.5% is about \$300 less at the current valuation of the Fund. That’s one shortfall. Second, the fixed 4.5% distribution does not take into account market fluctuations, like the current formula does. It relies on a consistency that may or may not be there. Further “inflation proofing” may change as well based on whatever the current conditions are. Why not have language that inflation proofs the Fund based on its actual performance and needs due to inflation ? Thus the fixed 4.5% rate falls short again.

Can SB21 be amended to address the concerns brought above ? Perhaps, but why go to the effort of gutting the core of the Bill which is the 4.5% distribution ? A 50/50 split of the current distribution would have provided \$1.4 Billion to the General Fund and that same amount to the Dividend. The CEO of the APFC has stated that 80% of the investments are already inflation proofed. Inflation proofing can occur on an “as needed” basis.

I therefore conclude that while SB 21 has some merit, it is still exposed to the gubernatorial veto and lacks the flexibility of the current formula. I would encourage the Senate to modify the existing formula to limit the amount available for appropriation from the Earnings Reserve Account in any year, and add language that “dedicates” the payout to the People’s Dividend, thus protecting it from the Governor’s veto.

Andrew W. Brewer

Eagle River, AK