

SB 70, 26, 21

Opposition

Doniece Gott

From: Mike Coons <mcoons@mtaonline.net>
Sent: Monday, March 06, 2017 3:35 PM
To: Senate Finance Committee
Subject: Oppose SB 21, 26 and 70

My name is Mike Coons from Palmer and speaking for myself.

I oppose SB21, SB26 and SB70! What Governor Hammand a the legislature then did was excellent and has withstood time and repeated attacks! I fully support Senator Dunleavy's 50/50 plan. Not only does it reduce spending and maintains the the purpose and intent of the Permanent Fund. Not to mention that we the people will be able to decide how, when and how much of our money goes into the Alaska economy.

Add to the destruction of our economy that SB 21, 26 and 70 will do to the news of today about Exxon! Exxon is, per President Trump today, investing 20 Billion dollars in the Gulf Coast, with 45,000 construction & manufacturing jobs! Yet, we have the highest unemployment in the nation and in a recession that will be deepened by any one of these bills, not to mention HB111, 36, 115, 146, etc., etc., etc.!

This legislature, both House and Senate, along with the so called leadership of Governor Walker is taking this State down the sewer! Stop this blatant stupidity and stop it now!

Mike Coons
5200 Dorothy Drive
Palmer, AK 99645

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Using Opera's mail client: <http://www.opera.com/mail/>

WRITTEN TESTIMONY FOR;

COMMITTEE: SENATE FINANCE

CHAIR: Senate Finance Chair & all Committee Members

BILL: SB 21, 26 & 70

SPONSER: Sen. Stedman, Request by Governor, Senate Finance Committee

DATE & TIME: 03/06/2017 @4:00 to 6:00 PM

My name is ERIC WEATHERS, I live on Hawkins Island in Prince William Sound. For the record I **oppose** SB 21, 26 & SB 70.

After seeing all the stories about how much you Legislators make in Per Diem, I had my wife contact the Legislative Affairs Agency to check the facts and it is true your yearly per diem is more than I make a year.

The people (the real working class) you're trying steal the money from are already living under the poverty level. Cut the government, we cannot afford you.

ERIC J WEATHERS

c/o PO Box 1791

Cordova, Alaska

To: Co-Chairs of the Senate Finance Committee

RE: SB's 21, 26, & 70

Article IX, sec 15. At least 25% of all ... shall be placed in a permanent fund, "the principal of which shall be used **only** for those income-producing investments specifically designated by law as eligible for permanent fund investments."

POMV's use the principal for another purpose: To calculate the annual distribution, beyond the consideration of the Earnings of the Fund or its Reserves. This is not trivial because to use the total value of the Fund may obligate the Government to draw on the Principal, which we know to be unconstitutional.

A POMV entangles the Corpus of the Fund with the distribution, by the very fact that it uses the Corpus to calculate that distribution.

POMV's are therefore, by definition, inherently unconstitutional and should never be enacted.

The Earnings from the Fund could be deposited in the General Fund, or be exhausted by appropriation, or be diminished due to a global downturn in the economy. There may be no money in the Earnings Account for Distribution.

Only the Income from the Fund is subject to the "unless otherwise provided by law" clause. Only Income or Earnings can be considered in the annual distribution. POMV's expand the legislative reach beyond the language of the Constitution.

You have no authority to base the Fund's Distribution on the total (or market) value of the Fund. It's simply unconstitutional.

Should one be passed by this Legislature, expect a challenge in Court.

Andrew W. Brewer

Eagle River, AK

Doniece Gott

From: MaryBeth Printz <printz.mb@gmail.com>
Sent: Sunday, March 05, 2017 12:02 PM
To: Senate Finance Committee
Subject: Members of Senate Finance Committee

Dear Members of the Senate Finance Committee:

I am writing in regards to SB70, SB26, and SB21, all of which are proposals to use Permanent Fund earnings to cover Alaska's budget deficit. Since 1985 I have lived in Alaska and have observed the roller coaster ride of good and bad economic times. Our state needs economic stability and it needs it now.

All of these proposals use monies from the Permanent Dividend Fund, which would require a change to the state's constitution. This process will take time and money and will be a fight to the finish, if there is one. The Permanent Dividend Fund should not be touched. The dividends boost our fragile economy and are relied upon by many families to help make ends meet.

It makes more sense to institute a 10% flat income tax and a seasonal sales tax. A flat tax is simple. It is a consistent tax rate applied to all tax brackets and everyone would pay the same tax rate regardless of income. The flat tax would be imposed on wages only, with no tax on capital gains or investments. Due to its simplicity, there would be no deductions, no need for tax preparation services or an army of people to process returns. The seasonal sales tax on lodging should be around 10% and a seasonal sales tax on other items should be around 3%.

Regarding cuts; schools, police, snow removal, and the elderly should be exempt because they have been targeted enough for cuts. There are many other facets of government that need to be cut. No department should be exempt from cuts. State employees have told me that if I want a job where I get paid a lot and do very little, I should work for the state. That says it all. Eliminate employees who do the same job. Everyone should share a secretary. Cut departments that cannot prove their value. Give all state employees Fridays off without pay. All special projects should be eliminated. That means no new roads, no state supported gas line, no bridges, no nothing. The budgetary purse strings must be closed.

Legislators should not get paid if they do not attend sessions. No other business would pay its employees if they did not come to work. Legislators have a job to do. If they fail to do their job, they should not be paid and they should be fired. No other business would retain employees who do not do their jobs. Legislators should not have their lodging, meals, or travel paid for. If it is too expensive to maintain the capital in Juneau, then it should be moved elsewhere. Legislators should not be paid an allowance. They could stay in a local dorm for the 90-day session instead of being overpaid to move belongings for that brief period of time.

Let's do the Math.

The State of Alaska is spending the following according to the AK Legislative Expense Report of 2016:

Each legislator receives an allowance, so this amount is $57 \times \$20,000 = \$1,140,000$. The allowance should be discontinued. The legislators get paid and do not need an allowance as well.

Each member of the Legislature is entitled to a salary of \$4,200 per month or \$50,400 per year. $57 \times \$50,400 = \$2,872,800$.

Relocation allowances for Legislators range from \$1,338.10 to \$20,905.21.

If 57 legislators say they need maximum relocation allowances, that is $57 \times \$20,905.21 = \$11,911,596.97$. We know that many abuse this privilege.

Legislators are reimbursed per diem for lodging and meal expenses during a session. During the regular session held in the capital city, the legislators whose place of permanent residence is not Juneau were reimbursed \$237 per day from January–April, or for 90 days that excludes special sessions. That cost is \$13,509.00. The two 2016 special sessions cost the state \$886,000 and legislators failed to do anything but they still got paid.

Legislators who to a place other than their place of permanent residence are reimbursed a short term per diem rate or actual lodging expenses plus a meal allowance to cover costs associated with their business travel. It is well known that legislators stay in the most expensive places and dine at the best restaurants, all at the taxpayers' expense. Who knows what that amount is?

Office expense allowance, according to the legislative expense report of 2014 has a chart where these expenses range from \$5,239—\$20,000. So let's say that 57 legislators spend \$20,000 each, that amounts to \$1,140,000.

The 200 Legislative aides' average pay is over \$100,000 and many make \$125,000 or more. Each legislator has 2-4 aides. You have to wonder what exactly is the job description for so many people. If the math is calculated using $\$100,000 \times 200 = \$20,000,000$, and this is a low figure because 70 aides make more than \$125,000 annually: $70 \text{ aides} @ \$125,000 = \$8,750,000 + 130 \text{ aides} @ \$100,000 = \$13,000,000$, a total of \$21,750,000.

Here are the figures and they are low according to the Anchorage Dispatch News:

"The Legislature's personal services budget -- staffing costs that also include lawmakers' nonpartisan employees like attorneys and researchers -- grew to \$55.5 million this year from \$36.5 million in 2008, or about 52 percent.

By comparison, the same line item grew by 31 percent over the same period for the governor's office, 35 percent for the state's administration department and 23 percent for the state's Department of Natural Resources." <https://www.adn.com/politics/article/legislative-staff-salaries-draw-scrutiny-after-arrests-two-aides/2015/06/29/>

The Legislature is responsible for this. Why are tax-payers footing the bill for this boondoggle? The amount of money paid to staffers is ludicrous especially when legislators cannot attend sessions and are unable to do their jobs. And what did the citizens of Alaska receive back for the 55.5 million dollars on staffing alone? A balanced budget? NO. Legislators need to clean up their own financial mess before making more cuts to programs that are needed by the citizens of Alaska.

Thank you.

Sincerely,

MaryBeth Printz

From: Mike Stinebaugh
Sent: Wednesday, March 23, 2016 11:32 AM
To: finance.committee@akleg.gov
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

Doniece Gott

From: Clinton Stapleton <staplegun71@gmail.com>
Sent: Sunday, March 05, 2017 9:48 PM
To: Senate Finance Committee
Subject: SB70, SB26 & SB21

This is not the time to raid the Permanent Fund and the House's 15% tax proposal is in my opinion criminal. Cut another 10% across the entire state, enact a hiring and wage freeze, cut all funding to the governors stupid NG pipeline, tap the CBR for the difference and gavel out. Done.....you're welcome.

Clinton Stapleton
Chugiak Alaska

Doniece Gott

From: LIO Mat-Su
Sent: Monday, March 06, 2017 2:36 PM
To: Senate Finance Committee
Subject: FW: Hands off the PFD!
Attachments: 16807690_1803546766638008_1716609028892418366_n.png; 16864616_10154516683051936_5732891424031251078_n.jpg

This is written testimony from a constituent....

From: Dave Rife [mailto:daverife58@yahoo.com]
Sent: Monday, March 06, 2017 2:32 PM
To: LIO Mat-Su <LIO.Mat-Su@akleg.gov>
Subject: Hands off the PFD!

Alaskan Politicians Have Never listened to Alaskans! I Remember when we voted to move the Capital! Alaskan Politicians made this Mess and spent all there money studying stupid shit that Alaskans didn't or need or want! Alaskans Don't want Politicians to use there Small Share of Oil Field Wealth The PFD! Haven't Alaskan Politicians Wasted enough Money! Get your shit together And Fix this Mess! Alaskans Are Sick of IT!!!!

It seems to me that the attack on the permanent fund is being orchestrated under the guise of it being necessary. This as well as taxing everybody on everything that can be taxed. Meanwhile the state of Alaska has something like 50 billion dollars in the bank. They keep saying "we must do something now! Before its to late!". I will admit that I am no accountant however, according to my own math, we are 4 billion a year in defecit spending. That is more than 10 years before you should ever consider takeing money from the private sector to pay for government. If this doesnt tell us what our "representatives" think about our intelligence, maybe we deserve to be talked to like the ignorant children they treat us like.

You Haven't tried to cut the Budget! In cable of making the Hard decisions, Its easier to steal because they feel the people are to Stupid to stop them and more than half are on the dole! They don't want free money to stop. So the Children Pay and the People who work hard Pay!

This is the Title of Alaskans little share of oil wealth! Alaskan Politicians have spent all there oil wealth money and now want ours! The sad part there willing to steal from our children! to fund Big government spending. The Permanent Fund was created first of all to save money and keep politicians from plundering it. The PFD was added so that Alaskans, as shareholders in the Commonwealth, will PROTECT the Fund. This has worked! Many leaders admit this fact. The fund earnings have always been a target and the low hanging fruit, easy money. They can't grab it directly without approval, they must ask for it - that is the reason for giving it out and taxing it back (if that's the route residents want to go) Transparency and public approval for spending. That has been absent in the high oil years and look where it got us. The significant cuts you mention, I have heard from folks working on this, are primarily in capital not operating budget. Then unions and healthcare etc need reforms. I agree with you that we need functional services, we need an audit to achieve efficiencies and downsize this super-heated economy from \$100 barrel oil profits that have disappeared. The PFD cut is a regressive tax. There are reserves of money to use while the govt reforms and institutes new revenues that people support. The Permanent Fund belongs to the People - it is our right to approve any changes to it.

Doniece Gott

From: CJ <cj_one2000@yahoo.com>
Sent: Monday, March 06, 2017 3:59 PM
To: Senate Finance Committee
Cc: Sen. Shelley Hughes
Subject: SB 21, SB 26 & SB 70 - For Public Hearing 3/6/17

To my Alaskan Senators,

As an Alaskan stakeholder and a recipient of the PFD, a spouse to a retired Air Force Veteran, with three children under the age of 18, I am deeply concerned about the impact of the PFD cut to our family this year. My Alaskan neighbors are also concerned as we already experienced cuts in the 2016 dividend. Many families like mine see these funds as a way to invest in our families; to put money away for college and support our children in their endeavors. The fund itself was established in our state constitution out of a deal struck with the federal government that would ensure that for generations to come of Alaskans, we would be stakeholders in our natural resources and of the lands on which we reside.

I am asking every legislator in the Senate, and the House, to take a very hard look at what the ramifications of cutting the funds of the PFD, what it will do to families, the economy and our futures. State budgets for every service, department and program are out of control and must be in line with what our small population can support without taxing the hard-working families of this state. If a family has to cut back to pay the bills, so should our state. Simply, overspending is the state's problem.

Even with dual incomes, Alaska is an expensive place to raise a family, even more expensive when living in an established municipality like Anchorage, where we pay property taxes and proposals in the legislature suggest we should pay more in (income, sales) taxes to support the ballooning costs of running state government. Urban Alaskans are not only paying for the services we are provided in our local areas, but we are being asked to support rural communities that pay no taxes and rely on state and federal dollars to survive. This concerns families like mine as we face seeing our PFDs cut -- Alaskan families should not have to sacrifice what is given to them in the first place by our state constitution. The size of government has to shrink to fit a sustainable budget that can be balanced.

There's the easy way and there's the right way. The right way should be to spend the earnings and pay out to Alaskans, restore the full amount of the PFD payout for 2017 and then also use a portion the earnings reserve to pay for half of the state's budget. Work must still be done to cut the thick layer of fat that is the source of our current fiscal crisis, the operational budget and the capital budget -- even the governor's own administrative budget should be subject to deep cuts.

Alaskans are looking for our leaders to cut the budget, and we are asking you to not cut our PFD as stakeholders. Please vote against hurting Alaskan families like mine that want a better plan for our state; we need the 50/50 plan to get us back on track and preserve the PFD as it was intended. Not just for 2017, but for generations to come. My children are counting on you.

Respectfully,

Clara Sanderson
Anchorage

cj_one2000@yahoo.com

When you stop and look around, this life is pretty amazing.

Doniece Gott

From: Beverly Churchill <beverlychurchill51@gmail.com>
Sent: Monday, March 06, 2017 3:55 PM
To: Senate Finance Committee
Subject: Hearing on SB70/SB26/SB21

Honorable Committee Members,

I appreciate your work this year on solving our fiscal woes, but I am concerned that these solutions all rely heavily on restructuring the Permanent Fund only.

I was taught that one ought to build a sound fiscal future on a 3-legged stool. The other income missing from these bills is the income tax. I support the approach that Representative Seaton has taken. For too long Alaskans have gotten a free ride.

When my family lived here at the turn of the century they had to pool their resources to pay for school teachers and doctors and other common basic needs. Yet our families today are not putting anything into the pot.

The other rule of successful finances is that it is safest to diversify. We must diversify our income just as we must endeavor to diversify our economy.

Thank you for giving me this opportunity to give my input.

Sincerely,

Beverly Churchill

SB 70, 26

Opposition

Doniece Gott

From: Sen. Anna MacKinnon
Sent: Monday, March 06, 2017 2:30 PM
To: Senate Finance Committee
Subject: FW: My testimony HB 115, SN26, SN70

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

From: Daryl Nelson [mailto:d.nelson@alaskan.com]
Sent: Monday, March 06, 2017 2:27 PM
To: 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. Peter Micciche <Sen.Peter.Micciche@akleg.gov>; Sen. Mike Dunleavy <Sen.Mike.Dunleavy@akleg.gov>; Sen. Natasha Von Imhof <Sen.Natasha.VonImhof@akleg.gov>; Sen. Donny Olson <Sen.Donny.Olson@akleg.gov>
Cc: Sen. Shelley Hughes <Senator.Shelley.Hughes@akleg.gov>
Subject: My testimony HB 115, SN26, SN70

State Senate Finance:

My name is Daryl Nelson, Chugiak Alaska and I do support a state tax but not a state income tax or a permanent fund tax. I support a state sales tax because the income tax hurts the working poor.

A state sales tax would tax everybody equally poor and the rich and then put one third or 1/4 of it into a Municipal Sharing Fund which you already have in place. The local governments would get enough money from the state that they may not need to tax their local government if you make it high enough to make it work.

Here's how I think it should go:

State Sales tax would be high enough to make it work, and then break it down and to. categories for example public safety, education, health and social services and municipal sharing fund. The municipal sharing fund Would be distributed to the local governments and then the local governments may or may not have to have a sales tax at all hopefully, not at all.

The exemption on sale taxes would be food ,medicine drugs you buy in the store, but if you go out to eat then that should be tax.

The permanent fund tax hurts the extreme poor and like I said the state income tax hurts the working poor. Everybody's must pay a tax whether they're working or not at all!

If a income tax must be in place, then it should be based on a small percentage of your gross income. For example, 5% then they could write it off their federal income taxes. That is the only good thing that I can see that a state income tax would be good.

Daryl Nelson

Doniece Gott

From: Sen. Anna MacKinnon
Sent: Monday, March 06, 2017 2:29 PM
To: Senate Finance Committee
Subject: FW: My testimony HB 115, SN26, SN70 pt 2

From: Daryl Nelson [mailto:d.nelson@alaskan.com]
Sent: Monday, March 06, 2017 2:28 PM
To: 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. Peter Micciche <Sen.Peter.Micciche@akleg.gov>; Sen. Mike Dunleavy <Sen.Mike.Dunleavy@akleg.gov>; Sen. Natasha Von Imhof <Sen.Natasha.VonImhof@akleg.gov>; Sen. Donny Olson <Sen.Donny.Olson@akleg.gov>
Cc: Sen. Shelley Hughes <Senator.Shelley.Hughes@akleg.gov>
Subject: My testimony HB 115, SN26, SN70 pt 2

Your Name: Daryl Nelson

Phone Number: 907-440-8220

State Senate Finance: I think taking money away from the permanent fund is the wrong way to go and a state income tax is also a wrong way to go. Both state income taxes and taking money from the permanent fund interest will hurt the working poor and the poor. I believe a state sales tax would be far more better than any of the other proposed ideas as far as a income tax or a permanent fund tax. Here is how I see a state sale tax should look like:

1. Make a state sale tax high enough so one third of a can be distribute back to the local government city by the way of a municipal sharing fund, which is already established and in place. The local governments would not have to have a local sales tax if they were all getting money back from the state.
2. When you cut money from government start with your budget meaning cutting your salary to nothing, Volunteering your time. I am not talking about your staffers.
3. The Adult Protective Services need to be eliminated. In my opinion, they do more harm than good. I am physically disabled and living on my own with minimal assist from neighbors and family. I don't like the fact that people can call in to the department and make judgment about a person without even knowing them. My family & friends help me out when I needed. Family need to take care of families whether there are friends of yours that you consider family or blood family.
4. The children's protective services need to be cut in half because often times they put kids in foster care without studying the ramifications of the child. About 6/10 foster care Children get put on psychiatric force drugs. In my opinion, psychiatric drugs are far more dangerous than the illegal drug and very few people and organizations are looking at the consequences. The organizations that are looking at that are www.mindfreedom.org and <http://www.psychrights.org/>

Daryl Nelson

SB 70

Opposition

Doniece Gott

From: Jennifer Jolis <jjolisaction@gmail.com>
Sent: Sunday, March 05, 2017 3:10 PM
To: Senate Finance Committee
Subject: The Budget

I am writing as testimony to your hearing on Monday, March 6, 2017. I would like to support SB 70, but cannot do so as it does not address the question of a growth of revenue, primarily through a tax.

To propose .88 Billion dollars to erase the budget shortfall is not feasible for Alaska as a state. I support the use of some of the Budget Reserve to mitigate the problems we face

You must bite the bullet, and ask us, who live here, to bite the bullet as well. As a state we must grow revenue through a tax or taxes to meet the needs of our communities. Doing so, according to the Rasmuson report from 2016, It is less onerous, apparently, than ending the PFD.

You may think that cutting and cutting, with out new sources of revenue, solves the problem but I can tell you that I lived, as a small business owner, through the downturn of the 1980's> The cuts started a trickle down effect that impacted every person in the State. People left--they walked away from their mortgages because they could not pay them. Then the realtors left because there was a glut of housing that had been repossessed and no one to buy them. Then banks failed and their tellers and officers left (except for the one who went on to be Governor). Teachers left as families left and money for education dwindled. In short, it was truly ugly. The only thing that rescued us, in the short term, was, frankly, the Exxon Valdez which brought in a huge influx of dollars that got us out of the hole, as individuals and as a state, until the prices of oil rose again.

SO: I support using some monies from the Reserve but I do so ONLY if there is a commensurate inclusion of revenue from a newly created tax base.

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Jennifer Jolis
PO Box 155
Ester AK 99725