



March 14, 2017

State of Alaska, Alaska State Senate

Subject: Support of Senate Bill 26 (CS) – Appropriation Limit, APF, Earnings, Reserve, Dividends...

Honorable Members – Alaska State Senate:

We offer our support for the passage of SB 26 as a major component of a necessary restructure of our systemic state fiscal operations.

As studied bank observers familiar with the percentage-of-market-value (POMV) principles and disciplines and recognized as best practice in annual earnings distributions for university, college, trust and endowment operations, we believe the structure and process identified in SB 26 are appropriate and necessary as a significant contributor to an overarching sustainable solution for our fiscal operations.

We appreciate the budget discipline components of this legislation, the escalation of savings if oil revenues should grow, and the incentives to provide for resident citizen dividend distributions that will grow when Alaska is again successful in attracting investment capital and creating a robust private sector economy.

As bankers we particularly appreciate the need to balance our cash flows and prove that we are credit-worthy to our creditors and able to position our state to access the bond market when appropriate for capital project financings. Passage of this legislation will go farther than any other action to prove that we have the means to balance our budget and regain the confidence of the market.

While we also believe that broad based taxes, tax discipline and spending discipline are necessary components of a fully sustainable fiscal plan, we absolutely agree that this is the largest, most effective and efficient action available to significantly close our fiscal gap.

Respectfully submitted,

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Joseph Beedle, Chairman

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Joe Schierhorn, President and CEO