

Dear House Finance Committee:

Thank you for your careful consideration of measures to responsibly address the state budget shortfall. I am writing to you today to express my support of Representative Seaton's HB115. In particular, I strongly support the implementation of a state income tax. My family and I have long supported a state income tax and we will proudly pay our share to ensure that the state can provide essential services to all Alaskans.

Thank you,

Erika Burr

Fairbanks, AK 99709

I support creation of a state income tax that would help fund state government.

Brian Barnes

Fairbanks, Alaska

Honorable Legislators,

I am a life-long Alaskan of 57 years. I paid income taxes as a teenager in the 70's, and the sky did not fall.

I believe those who benefit from our state's rich natural resources and opportunity, and yet who believe it's not their duty to support the infrastructure that makes living in Alaska possible, are freeloaders.

I agree with Clem Tillion—taxes are the cost of civilization. Even with a state income tax, Alaskans would be among the least taxed people in the nation.

I support the policies outlined in HB115, including instituting a state income tax.

Thank you,

Matt Johnson

Anchorage, Alaska

I support HB115 and the other legs of the revenue support mechanisms necessary to balance the state`s budget going forward.

John McDowell, Spenard.

This bill seems like a fair idea to balance our budget, particularly capturing taxes from non-resident workers that take (harvest, extract) our resources but don't give back to the state's infrastructure. Business taxes can be offset by reinvesting in the businesses. State taxes are deductible from the Fed income taxes and should be stated.

Without income taxes the bigger burden of government costs fall on the poor, this includes sales tax as well as permanent fund savings account, for future generations. The permanent fund should not be compromised so oil tax credits can be paid out at lower oil prices, which are NOT going away in this lifetime. (The legislature was duped by the industry with pie in the sky visions of wealth from gas...) Better to use credits for encouraging alternative energy, the fuel of the future, and not be involved in the destruction of our environment by dependence on fossil fuels. As Alaskans we have the potential to be on the forefront of these up and coming industries, instead of throwing money away. Taxes and royalties should be FAIR to Alaskans!

We are hearing testimony from industry, Koch brothers, Americans for Prosperity, etc. that are not considering the real challenges we face,

their short-sightedness does not help in this discussion, being industry-centric. Thank you for this opportunity to voice our concerns, Valerie Luczak and Leonard Peck

I am a 34 year resident of Alaska. I live in Anchorage at 99507. I support the cap on the permanent fund. I support a State Income tax. I want this so that we can educate future Alaska leaders and maintain the services that keep our quality of life high. That includes supporting parks as well as emergency services.

Thank you.

Karen Murphy

Alaska House Finance Committee:

I am writing to express my support for HB 115.

HB 115 offers a balanced approach to solving the fiscal crisis by protecting the PFD, restructuring the Permanent Fund, and instituting a moderate income tax.

I do not believe the state can solve its financial woes through cuts alone, and have long supported a state income tax. An income tax would be much more equitable than a state sales tax. I live in Dillingham and we already have a 6% local sales tax; adding a state sales tax would be very hard on local residents.

In addition, there are many out of state fisherman, seafood processors, and other workers in Bristol Bay (as well as in other regions of the state) who earn substantial income here on a seasonal basis. While here, they utilize many of the local, regional, and state services offered in our communities. I believe it is only fair to ask these workers to give back a small percentage of their income through a state sales tax.

Again, I urge you to support HB 115. Thank you for your consideration.

Marjorie Dunaway  
Dillingham, AK

I support and income tax to help close the fiscal gap. I also support a cut to our Alaska Permanent Fund Dividend.

Thanks You,

Karen Hyer

Anchorage, AK 99508

I am writing in support of HB115.

I have followed the state's revenue, spending and savings in some detail for a number of years. And I am old enough to have paid state of Alaska taxes.

Listening to testimony on this bill today, I understand anew the difficulty the Legislature faces. But it is clear as well, that few callers appear to have any sense of the scale of revenue collapse, of cuts which have been made, or of the massive use of legacy savings in lieu of actual revenue.

It is remarkable that no one talked about the nearly 40 years of free ride they and their businesses enjoyed thanks to the remarkable tax lift provided by oil royalty and tax revenues.

This is a tough passage.

A free ride was easy....

Mary Lee Guthrie

Alaskans can't stick their heads in the sand until the fiscal crisis goes away. We need to show we support necessary services by helping to pay for them.

I do NOT support further reductions to education, public safety, public assistance (like the staff at the My Alaska desk), transportation, or health and human services. While some legislatures won't be satisfied until there are no government services, I don't want to diminish my quality of life just to show I'm cheap.

There are two formulas proposed for the income tax. I support both of them. I just wish they could have been in place soon to avoid spending so much of our Constitutional reserves.

60% of our fishing fleet are owned by people from out of State. We have a HUGE influx of seasonal workers earning incomes and leaving. Very little is left behind to support the infrastructure they use. Many States collect income taxes from people who work in other States where an income tax is not collected. Where that happens (like in California) Alaska serves as a tax base for them.

Alaskans would be keeping more money in the State by reducing the amount of federal income taxes paid as well.

I SUPPORT HB 115.

Bill Tremblay

Petersburg, AK 99833

Dear Representative Seaton,

Please accept as testimony my comment on the proposed income tax.

An income tax in Alaska is a long overdue feature of responsible governing. Please ensure that a fair, progressive income tax is instituted so that oil industry influence is reduced to appropriate levels; so that Alaskans take ownership of cost as well as benefits from government; so that out-of-state earners--especially seasonal earners--actually contribute to the state they are exploiting; and so that this tremendous deficit can be brought fairly under control.

Floyd Tomkins

Sitka

Dear Legislators,

I strongly support House Bill 115. Thank You!

Respectfully,

Thomas Aberle

Juneau, AK 99801

I offer the following suggestion:

Allow Alaskan Residents to deduct their property taxes from their primary residence from the State Income taxes.

(Not a deduction from income, but a deduct from State Income Taxes due.)

This allows folks that live in Alaska to reduce their tax burden by the amount they are already paying in property taxes from their primary residence.

Must have received an Alaskan PFD and have same address for prior year.

This is a way to increase the tax rate but give residents a break.

Seems like a legal way to put some income tax burden onto the rotation workers that take their income out of Alaska.

Just my thoughts,

William E. McBride

Anchorage, AK 99516

Representative Seaton, I am writing to express my support in your efforts in the House to create a sustainable fiscal plan for Alaska. In particular I support the need to create a state income tax as a critical component of any plan.

Wayne Howell  
Gustavus

House Finance Committee, thanks for taking my testimony earlier in support of HB115.

Forgot one thing, a few days ago you discussed SB26. I do not like sb26, as it allows for a further 750 mil reduction in operating budget, without a clue as to what would be cut. That is like giving them a blank check, and should not be allowed.

Orin Seybert

Anchorage, Ak 99501

I support the passage of HB 115 and the institution of a personal income tax.

I urge you to insist on a public hearing for any education cuts when the line items are added.

Thank you.

Mary Spalding

Anchorage, AK 99502

It will increase my taxes and reduce my potential PFD and I support it because I am an Alaskan and need to do my part for the fiscal health of the State.

Brad Griffith

I support an income tax.

Ken Carlson

Anchorage Ak 99508

An income tax which includes non-resident workers HAS to be a part of the solution to our current budget problems. The tax never should have been removed but rather suspended. I, for one, am willing to pay my share - I do NOT want to see state services - e.g. education, roads, medical coverage for those needing financial assistance, to name but a few - cut any more than they have been. It's time Alaska residents to contribute towards the costs of state government. For too long, state residents have received "free" services and have come to expect them as their due. To not even consider an income tax is irresponsible.

Carol Dickason

Anchorage, AK 99517

I support the re-introduction of an income tax via House Bill 115, and would gladly pay more for the services we receive in this state. We already have one of the lowest tax burdens in the nation, and would continue to even with an income tax.

We also need more state funding for schools, higher education, roads, sidewalks, public transportation, mental health and substance abuse rehabilitation, along with many other items. Investing in our public services and infrastructure is critical if we want to remain economically competitive in the future and avoid over-reliance on federal funding.

More local taxes would be one step in enabling such investments.

Thank you,

Collin Hodges

Anchorage, AK 99502

I am writing in support for reinstating the AK state income tax. It is important for us to each pay something for the state services we receive. The income tax collects money from out of state workers including nonresident commercial fishermen. I see plenty of those every year in the course of my Bristol Bay Drift fishing business. Thank You for your efforts down there in Jnu.

Frank Waldron

Ninilchik

Any income tax should only apply to Earned Income.

This would ensure that we reap the maximum amount from the many many people who only come to Alaska seasonally to work, and take their income south.

It would also protect pensioners, and incentivize local investments. This would also protect the millions of dollars that flow to the rural areas of Alaska as Native Corporation dividends.

Thanks,

John Brown  
Fairbanks

Members of the House Finance Committee-

It is time to utilize PFD earnings and to institute a statewide income tax to pay for state services and HB 115 does this in a reasonable and responsible way.

It is irresponsible to use funding cuts for state services as the primary response to the state's budget shortfall.

Please support this important legislation and do what you can to convince your colleagues in the State Senate to support HB 115 as well.

I am thankful for your service to Alaska and appreciate all your work and efforts.

Respectfully,

Claire Holland LeClair

Dear members of the House Finance Committee:

I support HB 115, which would limit the PFD amount paid to each Alaskan as well as set up an income tax for all residents and non residents who earn income in Alaska. I understand that we have a fiscal crisis in this state and that solely cutting the State operating budget will not solve the problem. It is more than past time to take action to address our fiscal problem!

I have enjoyed the privilege of living in Alaska for many years, and have benefitted from every PFD paid since its inception. Like many people (and most Americans), I would prefer to go on receiving benefits from the government without having to pay for them. However, I am willing to pay my fair share toward supporting the services we all benefit from – public safety, safe and well maintained highways, effective public schools that educate our future generations. So, tax me fairly, and reduce my annual Permanent Fund Dividend – and do it this year before our savings is further eroded and our options are more limited!

And don't stop there – spread out the taxation to tap other options for financing state government – increase our motor fuel tax for all modes of transportation (highway, watercraft, aircraft), tax resource extraction industries such as mining, and take another look at increasing taxes on the oil industry.

But right now, PASS HB115!

Sincerely,

Chris Degernes

Resident, Cooper Landing, Alaska

We support HB 115 because we must have a budget that reflects the needs of Alaskan's children and our need for public safety and security.

Our first and foremost concern is oil subsidies. We would like to see SB21 repealed retroactively. We cannot afford to pay oil tax credits and feel that oil companies have made huge profits on the backs of Alaskans for too many years.

Let's go back to Jay Hammond who said, "1/3 for the state, 1/3 for the PFD, 1/3 for the oil companies."

Sharon and Richard Waisanen

Soldotna, AK 99669

**CITY OF UNALASKA  
UNALASKA, ALASKA**

**RESOLUTION 2017-12**

**A RESOLUTION URGING THE ALASKA STATE LEGISLATURE TO ADOPT A SUSTAINABLE FISCAL PLAN FOR FISCAL YEAR 2017 AND BEYOND.**

WHEREAS, the Unalaska City Council acknowledges that due to the drop in the price of oil, coupled with the decreased amount of oil in the pipeline, the State of Alaska has a significant gap in its budget; and

WHEREAS, the Legislature alleviated some of the problem by severely cutting the capital budget; and

WHEREAS, substantial cuts were also made to the operating budget; and

WHEREAS, cutting either of these budgets as a sole means to solving the State's fiscal challenge will serve only to potentially push our state into an economic recession; and

WHEREAS, the Unalaska City Council believes it necessary to create new revenue sources for the State; and

WHEREAS, despite a fiscal challenge, the State and municipalities must continue to provide basic and essential services.

NOW, THEREFORE BE IT RESOLVED that the Unalaska City Council urges the Alaska State Legislature to develop and adopt a sustainable fiscal plan, incorporating a combination of sensible spending cuts and new revenue sources, for Fiscal Year 2017 and beyond.

PASSED AND ADOPTED BY A DULY CONSTITUTED QUORUM OF THE CITY COUNCIL OF THE CITY UNALASKA THIS 14<sup>th</sup> DAY OF FEBRUARY 2017.

  
FRANK KESTLY  
Mayor

ATTEST:

  
ROXANNA WINTERS  
Acting City Clerk



Hello,

I'm a constituent in Anchorage (99508) and am writing in response to the proposed House Bill 115. I am concerned that limiting the PFD will disproportionately impact households with children. For reference, I'm including a summary of how different revenue options would impact families in Alaska, prepared by research staff at ISER. I support progressive options to help close the fiscal gap that do not disproportionately impact the most vulnerable Alaskans, such as a graduated state income tax and a property tax.

Thank you for your work to help fix the state's budget deficit,

-Katie Cueva

Please consider my following input regarding HB 115: State Revenue Restructuring Act, Version: L

I fully support the Legislature's efforts to pass this year a comprehensive solution to address our very large ongoing structural budget deficit. I believe a comprehensive solution must include cost reductions, using a portion of the Permanent Fund income as well as a significant source of new revenue (eg. either an income tax, or a statewide sales tax). It is interesting to note that only one other state (New Hampshire) has neither a statewide sales tax nor income tax (however they do have a significant tax on interest and investment income, which could easily total ~\$1,500 annually for many residents). Over the last two years significant reductions have been made to the size of the state government. ISER has stated that major additional cuts to close the budget deficit will be more harmful to our economy than implementing some sort of broad-based tax (unlike almost all other states, Alaska is currently in a recession). Many residents (and some legislators) like to compare the per capita spending of our state or school districts with those of other states/ L48 school districts. These are not useful comparisons, in that we are much more rural and geographically isolated than everywhere else, making our costs for equivalent goods and services much higher. As the former Business Manager of a large bush school district, I experienced this first-hand. Personally, I could live with either an income or sales tax. A sales tax would be easier to administer (and possible modify or eliminate, in the event of future major increases in resource revenues), but an income tax would be less regressive on lower income residents (considering that a reduced PFD would be regressive). I also favor a much reduced budget cap, so that once revenues do increase, our budget is less prone to bloating.

On the Permanent Fund side of things, I think an ongoing "Structured POMV Draw" of 5.0% is not sustainable. Under the proposed law, the Permanent Fund will probably need to be managed more conservatively, and therefore produce lower average returns than in the past. Universities generally only allow a draw of about 3.5% from their endowments (although, I believe they have no inflation-proofing factor, such as the very small 0.25% factor proposed for our Permanent Fund). Even most retirement planners suggest that a 4.0% draw from retirement assets might not be sustainable for even 30 years, let alone in perpetuity.

On the income tax side of things, my concerns relate to the taxation of (1) municipal bond interest and (2) Social Security, Pensions and other retirement income. Alaska should not be taxing municipal bond interest on tax-exempt bonds issued by Alaska entities. I could find no other state that taxes income from its own debt. I own a couple of Alaska tax-exempt bonds, myself. Also, I think there may be some prohibition against taxing such interest from US government tax-exempt securities (eg DC and territories, such as Puerto Rico).

Kiplinger has an interesting tool on their web site regarding taxation of retirement income by each state. This is a very important issue for me, as I am a 70 year-old retire living totally off such income. Of the 41 states with broad-based income taxes, I looked at 15 "tax-friendly" ones. Only one, North Dakota, provides no exemption for any retirement income (and they have the lowest tax rate of all states). Most states fully exempt all Social Security income, and at least a portion of pension and other qualified retirement income (between \$6,000 and unlimited, but averaging about \$20,000). A few states exempt their own public pension income, but not that of other states and private entities. One might think such exemptions would be more common in high-tax states, but that is not the case. My concern is that if something isn't done for Alaska retirees, there could be a significant exodus to other more tax-friendly states. For the sake of our economy, we should encourage our retirees to stay in Alaska. Although our closest neighbor (Washington) has a significant sales tax, they have no income tax. Residents there recently voted down an income tax just targeting the wealthy.

As an aside, increasing the fuel tax and implementing a personal property tax on automobiles could product some modest new revenues.

Thank you for considering my comments.

Phil Gutleben

Juneau

I am writing to support HB 115 and to encourage passage of this bill. I am willing to say I want to do my part to support my home state. Please support passage of this bill.

Thank you.

Linda Baker  
Fairbanks, AK

Members of the House Finance Committee:

I support for HB 115 and particularly the need for reinstating a state income tax. It's an essential component of a comprehensive fiscal policy.

HB 115 is a good start but more needs to be done. We need other revenue sources such as state tax on motor fuels, and increasing taxes on various resource extraction enterprises. And eliminate the oil exploration tax credits.

Thank you for your efforts,

Sincerely,

Dan Rosenberg

Thank you for considering House Bill 115. I strongly support a modest personal income tax in Alaska. I feel very strongly that all Alaskans should help pay for State services, especially now that the state's income is fragile.

I value schools (even though I've never had kids), the university, law enforcement, health care for all people, and good roads, runways, and ferry service.

I'll be in the top income bracket, but that is fine.

Thanks for the opportunity to comment.

--Vivian

Vivian Mendenhall

Dear House Finance members;

Thank you for this opportunity to submit testimony regarding possible measures to address the State's current fiscal crisis. We support measures that will levy income taxes for all wage earners in Alaska. That would include those workers and fishermen who are currently able to live outside the state and do not significantly contribute to the operating revenue of state and local governments beyond the local sales tax they might incidentally pay while working here.

We are also in favor of changes to oil tax legislation that makes meaningful adjustments to the current oil tax credit policy as well as the lower price threshold for "new" oil. The current price threshold of \$63/barrel is unfair to the State of Alaska and is, in effect a resource "give away".

Recent budget proposals by Senate Republicans are reprehensible by their inherent bias towards the oil companies and the wealthy. Their fiscal solutions will continue to place the greatest burden upon those least able to shoulder it – the poor, the old, the very young, the sick and those who live outside of densely populated areas.

The oil companies and the wealthiest Alaskan's would gladly give up the entirety of the Permanent Fund. Just don't tax me.... However, the majority of the State's residents don't share the same step on the economic ladder!

State government is beginning to show signs of "systemic dysfunction" because there are insufficient monies to either hire enough staff or enough monies to provide services! Our roads and highways are not adequately maintained or plowed. There aren't enough State troopers to adequately police many areas of the State. Our schools have a frightful backlog of deferred maintenance and classroom sizes are bulging.

Enough cuts! Unless your goal is to "prove" that government doesn't work... Or if you want the best and brightest of our citizens to pull up and leave...

No... the Senate Republicans (and House minority's) continued "Scorched Earth Austerity" will only lead the State towards a longer recession and fewer capable citizens to move the State forward into the future.

Thank you again for this opportunity.

Regards,

Larry, Carol and Gavin Marsh

I am in favor of the state income tax and house bill 115.

Lee Althens

Sutton, Ak 99674  
Sheep Mtn voting place

Dear Rep. Seaton and House Finance Committee members:

I was unable to provide public testimony this afternoon but please accept this for the record.

Thank you for a sensible bill which sets forth, finally, the path to a sustainable budget for Alaska. I support it -it is balanced and it is realistic for the long haul. I strongly believe we all need to have skin in the game instead of just having our hands out so I support an income tax which I will gladly pay. I agree that Alaska's most important and sustainable revenue resources as this point are the earnings from the Permanent Fund. I believe your proposed draws from the earnings are prudent and will protect and maintain that resource for the future generations.

Next let's tackle the tax credits provided to some of the richest corporations in the world. These companies do not need tax credits to make a profit, explore or develop production-in fact,they are ripping us off !

Thanks for your leadership.

Susan Olsen

Modify HB115 to gain support.

First, thank you for your service.

Next the PDF... The people are quite opposed to the state using the PDF.... I think a proposed income tax that is progressive is overdue. Perhaps with a 0 percent, 1 percent, 2 percent, and 4 percent brackets.... Then also issue a Summer Sales tax, which can target out of state revenue. Tourists are already used to paying sales taxes elsewhere. Is this possible?

Thank you,

Ben Hutt  
Anchorage School District

Please pass this legislation!

Patrick Cunningham

I am good with the permanent fund or take it all instead of an income tax. Thank you.

Sent from my iPhone

**Tammi Alexander**

I am good with the permanent fund or take it all instead of an income tax. Thank you.

Sent from my iPhone

**Curt Nielsen**

House Finance,

I am an Alaskan - Born and raised here. I would like to support a state income tax and make sure to tax all workers earning a wage in Alaska. Fisheries, Mining and Oil all have many high paying jobs in Alaska yet they live outside. They need to help pay for the infrastructure that supports them and their jobs. Roads, Bridges, Medical and emergency response is there when they need it but they are not contributing to the state's economy.

I believe the state of Alaska should put in an income tax and then if needed provide incentives if people have property tax or if they can show they own and operate a residence here (electricity, fuel oil, natural gas, or firewood). If you contribute to the local economy then you can get a tax break otherwise they need to help pay for Alaska government.

Too many jobs take wages out of Alaska but do not contribute to Alaska. Our cost of living and cost of local products is what generates their wage levels, but they take their wages outside.

Sales tax hits the lower income too hard and discourages local purchases. Many of the higher incomes do not purchase many items here anyway - note many live outside Alaska

I have seen it for decades - working along people who live in other places and commute by airplane. Put an economic incentive to discourage this practice and higher some Alaskans to do the job or encourage the workers to move here.

An old item from the past : for every one good paying job in our local community it creates 7-11 other support jobs in the community. The banker, plumber, grocer, auto repair etc.

We have a small population with many transients - tax the wages because that is where the dollars are located.

Thanks,

Chris Tilly

I am not opposed to paying for state government services. I am opposed to re-instituting an income tax AND paying Permanent Fund Dividends. It is inconsistent and fiscally damaging to Alaska's economy. Given Alaska's median income, the payment of permanent fund dividends will be taxes at a marginal rate of 15%. That is 15% that goes directly to the federal treasury instead of staying within Alaska to provide government services! Where is the logic in doing this??

I've heard the arguments that removing the permanent fund dividend falls disproportionately on lower income individuals but regardless of income all Alaskans enjoy public safety, schools, road maintenance, and a host of other public services that must be paid by someone. What other state pays its citizens a dividend?

Yes on income taxes, no on continuing the Permanent Fund dividend.

Howard Sparks

Hello Committee,

I am writing you to send my favor for the HB 115 bill to create a workable budget for the state of Alaska. My reasons are as follows.

HB 115 proposes \$1,250 PFD to reflect the needs of many Alaskans who struggle to make ends meet which is just a bit larger than the \$1000 proposal from the Senate. It would generate roughly \$1.7 billion in revenue from excess Permanent Fund earnings, without touching the Permanent Fund's principal. It would allow the Permanent Fund and its dividends to grow.

HB 115 would also ask for a contribution from wealthier Alaskans, through an income tax where people with higher incomes would pay a higher tax. My sense is that this is the fairest way to spread investment into the state calibrated from those who receive the higher benefits. The income tax would raise roughly \$700 million, and remain the 4<sup>th</sup> lowest income tax in the country.

Just as the tax works along the scale of income, it also works to not be detrimental to those of lower means. A couple with no children would have the first \$28,600 of their income, *plus* all Permanent Fund Dividends, exempted from taxation. A couple's Income above \$28,600 and up to \$100,000 would be taxed at 2.5%. Slightly higher rates would apply for higher incomes, and the top rate would be capped at 7% for that part of their income above \$500,000. A single wage earner with no dependents would pay the 7% rate for that portion of their annual income above \$250,000. Taxes would be reduced slightly through deductions for each dependent a person has living with them.

We also need to reform our oil company subsidies which are unaffordable for the state in our current financial situation so we can be on stable footing to move Alaska forward. This will also help us build an economy for the state where children and adults can prosper again.

I do not agree that we can just keep cutting the budget. While cutting waste does make sense, Alaska is at the point where significant additional cuts cost children a fair education, cost seniors the services and dignity they deserve, *and* cost thousands more lost jobs.

Thank you for your attention,

Constance (Connie) Markis

Anchorage, AK

I strongly support this bill as it is proposed. I will willingly pay my share.

Thank you,

Sharon Baring  
Fairbanks, Ak 99708

Thank you for your service to the state of Alaska and its citizens.

I was born in Fairbanks, Alaska, am now 72, and have lived and worked in Fairbanks since age 13, except for 6 years spent in California in my 20's, in the 1960s, which is where I came to really appreciate Alaska. :-) In 2010, I retired from University of Alaska Fairbanks as an admin. assistant. I plan to stay in Alaska, if not Fairbanks, for the rest of my life.

Unfortunately, I have not yet read HB 115, but will do so soon. I just happened to tune into the teleconference on HB115 this evening (Wed., Mar. 29). Did not find the number to call in until it was too late. So you may hear from me again after I have had a chance to read the bill.

I just want to be on record as approving a seasonal sales tax, e.g., May through September, an income tax (especially to catch those who work in AK, but live elsewhere), and a \$1000.00 cap on the permanent fund dividend.

I remember paying a state income tax and an education tax before the law changed in the 70s. (Thank you Governor Hammond). I think it is time for us all to start helping to pay the way for the needs of all the citizens of our great state.

Education is big on my list. I especially support vocational training for new jobs markets, university academic education, and scientific research. I believe that Arctic research is especially critical to Alaska, the United States, and the world at this time.

Thank you for your consideration, and thank you again for all your hard work. Do not envy any of you your jobs.

Jeanne Creamer-Dalton

Fairbanks, AK 99701-2885

Good Job! Stop the permanent fund for several years, even.....no more low-income housing for permanent fund seekers in Alaska. The services are for people not here for free living in Alaska.

Margaret Schaeffer

Hello,

I am a resident of Kodiak and an employee of the Kodiak Island Borough School District. I would like to voice my support of a state income tax. The permanent fund is better kept by individuals who may then use it to cover some or all of the income tax they might owe. I want to have services like state troopers, dept. of fish and game, etc. in my community and in my state. These things must be government funded.

Thank you for your time.

Dale Nelson

Kodiak, AK 99615

**March 28, 2017**

**Dear Legislators,**

**House Bill 115 is a balanced, fair and effective approach to filling the enormous fiscal gap that is looming over Alaska's future. We have studied the bill and are aware of recent amendments.**

**Uncertainty and instability are damaging to individuals, and very damaging to our economy.**

**For Alaska to flourish the state must have a stable and consistent revenue structure! To quote a contractor who testified in support of HB 115 last month, "Businesses in Alaska are holding their breath." He warned against the recession that is being generated by budget cuts.**

**The income tax in HB 115 is right; the percent of market value draw from Permanent Fund Earnings Reserve is right; and maintaining a reduced, but stable dividend from the Permanent Fund Earnings Reserve is right.**

**We ask you and your colleagues, as statesmen and stateswomen, to come together and pass House Bill 115 this session.**

**Respectfully**

**Janet and David McCabe,**

- o Residents of Anchorage since 1965**
- o Currently retired, and eager to pay our share of taxes for public services**
- o Especially appreciative of the benefits of living in a community with an excellent University**

Dear Representatives,

I write to urge you to support HB 115, legislation that offers one piece of a solution to balance Alaska's budget in an equitable manner with some assurance of sustainability. I am lending my voice along with those of other Alaskans, and ask you to do what is necessary to generate the additional funds required to support the state's important services. Additional cuts to the budget will harm Alaska's economy and programs people rely on. Along with HB 115, I ask that you work toward and decide to greatly reduce the oil tax credits which are unfair to Alaska's people.

Thank you,

Gretchen Nelson

I hope the testimony today was positive for the passage of HB 115. I could not write earlier.

This bill sounds like a good way to work towards solving our fiscal crisis.

I've tried to read the bill and it seems fair as far as I can understand it.

I am willing to pay a tax to the state on my income. Many of my friends agree with me. We think that residents of this state will have more "skin in the game" if we are required to contribute to the cost of services that are available by us or others.

Mary Ann Nickles  
Fairbanks, Alaska

I support this effort to help pay for state services now and in the future. An income tax will collect from all the out of state oil executives and workers as well as fishermen and construction workers who pay no Alaska income taxes. In many cases, these out of state workers pay taxes for their Alaska income in their home state. That is crazy!

I'm a private retired citizen living near Homer and know that we can't cut much more out of the budget, so must increase income.

Respectfully

Kevin

Walker

Kachemak City, Alaska 99603

Legislators

I fully support HB 115 and hope you do too.

Thanks,

Jacqueline Debevec

Fairbanks, AK 99709

My comments are as follows:

1. Section on capital gains is unintelligible, I have no idea how much tax( in percentage basis) you are proposing to take from my investment capital gains. This section needs to be rewritten ( to an eighth grade education level, please) so that the citizens of the state actually know what you are proposing, and put out for public comment again.
2. As a retiree, a significant portion of my retirement income is capital gains. It will be taxed as income by the income tax. Then, you propose to tax it AGAIN under the capital gains tax. My comment: ABSOLUTELY NOT.
3. No income tax without a sales tax. Last thing I read, there are only 300,000 potential tax payers in the entire state. Those who don't pay taxes should be required to contribute through a sales tax. They live /work here too. I don't really care if businesses are objecting to having to collect - businesses have to do their part, too.
4. Taxes need to have a 10 year sunset clause. They shouldn't be established in perpetuity.

Sincerely:

Meg Jensen

Copper Center, AK99573

I am very happy you are finally talking about how to bring in more revenue to the state. The cuts have been needed, but we also need to bring in revenue. Our house values are dropping, our jobs are in jeopardy, and I for one can not withstand another long recession. I took a hard hit in the national recession. I had to liquidate most of my retirement savings after losing my job. I am in my mid 50's and starting over.

Honestly, capping the PFD at \$1000 or \$1250 doesn't matter to me. A small variation in an income tax doesn't matter to me. I would much rather keep my job, and have some equity in my house.

Thank you,  
Gayle Neufeld  
Anchorage

Please support and pass HB 115. Individual Alaskans need to step up to the plate and contribute something for the services that we all rely on. The longer the Legislature puts off the tough choices, the tougher they will become, and the options become more limited. We are on the brink of either a mild recession, or an unmitigated long-term financial disaster. Responsible, long-term actions are needed now! Short-term thinking is the enemy, especially if that thinking is based on worries about getting re-elected.

Please put most of your efforts on the revenue side. I personally do not want to see any more cuts. In fact some programs, like the University, have been cut too much. With one exception, I support most forms of revenue enhancement that have been discussed. By spreading the pain amongst multiple revenue streams and economic sectors, the impact will be diffused and shared by everyone. I do have concerns about a statewide sales tax, since many communities already rely on a local sales tax and substantial increases could especially harm fragile local economies. I'd much prefer a progressive income tax (catch those out-of-state workers!), capped PFD checks, reduced oil tax credits, and an increased gas tax. The proposed tire tax is a good example of a tax that is directly proportional to use, although it should be lower than first proposed to avoid the reported problems.

Thank you for your serious consideration of Alaska's fiscal crisis. More than ever before, Alaskans understand what is at stake and hope/expect the Legislature to come up with a viable solution that is driven by additional revenue.

Sally Gibert  
Anchorage, AK 99508

Hello,

I am a resident of Seward, Alaska. Regarding House Bill 115, I want to see taxes raised on oil companies before an income tax or the PFD is used to balance the budget. If that drives oil companies away from drilling in Alaska, so be it. We need to ween ourselves off of fossil fuels anyway (and btw, we need to be thinking about how to generate revenue when climate change gets bad enough oil extraction is drastically reduced.) Once the oil companies are taxed at a higher rate, I am supportive of using the PFD, and if necessary an income tax. I expect at least the PFD, and possibly an income tax will be necessary even with taxes on oil.

But I would not vote for a legislator that protects oil companies at the expense of Alaskan residents.

Sincerely,  
Benjamin Pister

Hello,

I am not able to call in for public testimony so wanted to share with the Finance Committee my support for HB 115. Alaska needs a strong economy, which includes paying for government services through an income tax. Like most people I don't relish the prospect of paying more in taxes, but we can not rely on oil prices going up and budget cuts to see us through into the future. I and my friends and family are strongly in support of this bill.

Thank you for your consideration.

Sincerely,

Diana Redwood

Dear Members of the house finance committee,

I was unable to attend yesterday's hearing on HB 115, but I would like to reiterate my strong support of the bill. As I have stated before, we citizens of Alaska need to be part of the solution to this problem and pay a state income tax. I also support using part of the earnings reserve of the permanent fund to help balance the budget. I strongly support your efforts in this direction. We can not balance the State's budget with cuts alone. Thank you for all your hard work!

Sincerely,  
Mary Forbes  
Kodiak

# LEGISLATIVE INFORMATION OFFICE

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Ketchikan, Alaska 99901

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## WRITTEN TESTIMONY

NAME: Garrett Abbott  
REPRESENTING: Self  
BILL# or SUBJECT: HB 115  
COMMITTEE AND HEARING DATE: House Finance Committee  
March 29, 2017

Hello, my name is Garrett Abbott. I am 31 years old,  
a graduate of Ketchikan High School and VAF-Ketchikan.  
I have worked in construction and research.

I am here to voice my support for the income tax  
contained in HB 115. The only alternatives to the  
implementation of a modest state income tax are  
further reductions to Permanent Fund Dividend  
and the imposition of a state sales tax, both  
of which are regressive, disproportionately impacting  
the least affluent and small businesses. A  
progressive income tax in contrast spreads the  
financial pain more fairly, with people taxed  
according to their ability to pay. Nor does an  
income tax penalize the consumption that is vital  
to the small businesses at the heart of our  
local economy.

Thank you.

~~Attest: \_\_\_\_\_  
Ketchikan, Alaska~~

State Congress People,

I understand that our state is in need of more revenue. I would support totally doing away with the PFD and using it for government as that is the best way to serve all citizens. But I would support a state income tax, if you would also consider a **cap put on the amount of PFD funds** that are dispersed. Large families with many children will only pay an income tax based upon the income of the adults in that family; yet those same families would receive PFD funds for all members of the family. Perhaps only PFD dividends for adults (over 18)? That would be a more balanced approach to what people pay and what people receive. Or maybe a cut-off dollar amount that families could receive? Seems to be a more fair and equitable way of sharing the profits and the burdens.

Sincerely,  
Christina Jencks

I am in favor of the state income tax and house bill 115.

Lee Althens  
Sutton, Ak 99674

March 29, 2017

Alaska House, Finance Committee

House Bill 115: "Income Tax, PFD Credit, Permanent Fund Income"

We greatly respect the "musk oxers" efforts to rationally address our budget deficit. I know that everyone is working hard to find equitable solutions.

Both houses have been playing heavy politics on balancing the budget in recent years. "have to make it hurt before we raise revenue" has been voiced too many times in the halls of Juneau! Considering the numerous special sessions with nothing being accomplished: **Perhaps both the Senate and the House should go back to getting State rates for per-diem and reduce staff proportionally.**

Recall a hearing 2 yrs. back, when a pipeline worker from the "rail-belt" a self-professed "boomer" said "Why shucks.. cut the state operations to the bone, but give me my next 5 Years permanent fund and I'll go back to Oklahoma!" This is simply self serving.

We don't mind paying our fair share. Alaska's been my home since statehood, (wife 45 yrs). We've raised our kids and done our share for the common good for our community and State. We hope to stay here till the end.

Alaska's legislature, in the years before oil boom, had a balanced budget while supporting: education, fisheries, public safety, DOT (ferries) and health and social services.

**We are in favor of an income tax;** it should never have been dropped. Also, go back to a head tax for schools like we used to have. By now inflation it should probably be a least \$100. We are **willing to tap some earnings from the Permeant Fund** particularly if it can be done equitably for low income rural folks?

To provide fairness: **1) drastically cut subsidies to the oil companies. 2) Revise your "conflict of interest restrictions" for legislative operations;** 1 vote allows participation?

The **gas line is a pipe dream.** Japan and Asian countries can now buy LNG cheaper than it can be tapped and supplied here. The economics aren't there! The current expenditures for this effort should be used for basic services!

P. Holmes

  
Kodiak

Dear Representative Seaton:

I would appreciate it you would promote a State Income Tax to help bring revenue to State government instead of taking money from the PFD.

By taking money from the PFD, it financially hurts low income and poor people rather than individuals with higher income.

Alaskans haven't had to pay a State Income tax for many years and should assist in paying for State services now.

There have been enough cuts made to the State budget and further cuts don't need to be done especially in regards to Education and Social Services.

Thank you very much for all your dedication and service in the Legislature.

Sincerely,

Robert A. McCard

Hello House Finance Committee:

Yes! I like your proposal to institute a income tax as well as to use earnings from the Permanent Fund! An income tax will be deductible from my Federal tax and it will also tax people who work in AK but live out of state. Bravo!

I like the plan to use a limited amount of the a Permanent Fund. Only tapping earnings.

Thanks for having the courage to introduce a tax so that we can pay for necessary services... like roads and schools and parks and public health.

I have lived in Alaska over 30 years and this plan makes sense

Marti Pausback

RE: Income Tax Proposal

Dear House Finance,

I am in favor of implementing a state income tax to help balance the budget. The state income tax should be a progressive tax. Many argue that a progressive tax is not “fair and equal” to everyone, and at face value, this might appear true. But what this argument tends to ignore are the “benefits” that are enjoyed as incomes rise. Higher incomes allow more accessibility to property, security, education, power, and even greater opportunity. Lower-incomes do not have the same “benefits”, and, through no fault of their own, struggle at a continual disadvantage. Higher incomes will always enjoy more advantages, and that’s fine, but they must also put back more in taxes because of this advantage. To propose a flat tax or sales tax is regressive to lower incomes, and not “fair and equal” at all. As a society, the argument isn’t about what’s “fair”, it’s about what’s ethical. Higher income individuals will scream that this tax will stifle business, growth, and initiative, but the truth is the market drives business, growth, and initiative, and will continue to do so, even with a progressive income tax.

The state income tax will also tax everyone who benefits from employment within the state of Alaska. Alaska is providing the jobs, and Alaska needs to be the one that benefits from those that enjoy employment in our state, including those that work in Alaska, but reside in another state.

Thank you for taking my comments into consideration.

Sincerely,

Terry Edmundson

I looked at what was posted online [[legis.state.ak.us/PDF/30/Bills/HB0115A.PDF](http://legis.state.ak.us/PDF/30/Bills/HB0115A.PDF)], and it bears NO resemblance to what was reported on TV last night (the income tax with the progressive rates.) Where can one find the current Bill so we can comment on it?

Our comments, nevertheless:

#### Personal income taxes

Do NOT have taxes on capital gains for personal income. Most of these from mutual funds are “paper gains” which we do not benefit from as income.

Do NOT have an income tax based on gross income.

We could support an income tax which is 10% of our federal tax. Keep the approach SIMPLE.

#### Other taxes

Increase the tax on industries within the state, reasonably.

Increase the gasoline tax (double it).

Be reasonable on raising the fuel tax for airlines, etc. Do not triple it.

#### PFD

Yes, use the PFD to fund government.

Thank you.

John and Francie Goll

Dear Legislature:

House Bill 115, do it asap.

Thank you, Vicki Vermillion

Im in favor of income tax I live in south  
anchorage. I believe for greater good income tax is better than sales tax Kathy Farynairz

I am in favor of an income tax.

Kathy Hill

Homer resident

Dear House Finance Committee,

I am writing to let you know that I am strongly in favor of HB 115. We Alaskans should be paying our own way. I was born and raised here, and have seen the state with an income tax and without one. A variety of income streams is both more stable and more fair. Such heavy dependence upon one source, oil royalties, warps our politics and, as we have seen, leaves us vulnerable to catastrophic reductions in oil company profits. An additional advantage to an income tax is that it will capture funds from people who are not eligible for PFDs and from other corporations doing business in the state.

A sales tax hurts businesses and individuals both, and does not discriminate on the basis of socioeconomic level. A graduated income tax such as this is deductible from federal income tax and is just. Please support this bill.

Thank you,  
Deirdre Helfferich

Greetings,

I'm writing to voice my support for the implementation of an income tax in Alaska. Not only do our present fiscal circumstances demand it, it will help to capture revenue from the many individuals who earn a living in our state but establish their home elsewhere (Outside). Please exercise vision for our state's future and adopt a tax.

Sincerely,

Steve

Steven Johnson

My thoughts on this proposal:

There are still quite a number of us who paid Alaska State income tax in the past, and a few, like me, who paid the Alaska territorial income tax as well. What makes the newer arrivals (whether by relocation or birth within the state) think that they should not contribute their own fair share? It was nice to have oil production support extravagant expenditures for a while, but now we are back to the necessity of paying for what we have. Welcome to the real world, people. Reduce unnecessary expenditures, institute a reasonable income tax. Live within our means.

J F Gustafson

Dear Mr. Seaton,

I am writing this e-mail to express my dissatisfaction with the inaction that has been taken by the Alaska Legislature, thus far, to find solutions to the State of Alaska budget deficit. I have been an Alaska resident since 1987. Alaska has been a wonderful place to raise our family (our daughter graduated from an Anchorage HS and attended UAA for 2 years), work (both my husband and myself were State of Alaska employees) and live (we currently own a home in South Anchorage). However, I believe, that the current economic situation in Alaska is at a critical juncture. Further, extensive State budget cuts are not the solution and will injure the economy further. It is time for some tough decisions that many citizens will not like. Residents of Alaska need to pay their fair share to the State for services that are provided by the State. It is our responsibility as Alaska residents. I strongly support instituting both an income tax and a seasonal (or otherwise) sales tax. This includes support for the current HB 115 (thank you for pursuing this solution). Although, I've never known anyone to raise their hand when asked if they liked paying taxes, most people in our country (and others) are used to it. Alaskans will eventually adjust.

I urge you to utilize and support, at least one of these solutions during this Legislative session. It is imperative that the 30<sup>th</sup> Legislature act.

Thank you,

Leslie Johnson

Anchorage, AK 99515

Thank you for your work. I support the concepts behind HB 115. I do not earn a lot of income but am in favor paying my share of State expenses. I have paid both an education and State income tax in the past.

Enough meaningful (and painful) cuts have been made. It is foolish to image that residents can thrive with fewer opportunities for education, assistance and infrastructure that are inadequate. The mental and physical health of our people IS an asset to protect and nurture.

On another topic, I also fully support rolling back oil tax credits.

The State should not be paying more than it is receiving from the for-profit energy industry. This would make no sense in a household budget, nor is it sustainable for our State budget.

I applaud the House coalition working for State residents.

Sincerely,  
Mary Corcoran

Delta Junction