

No raid or no restructuring of the PFD. The haven't been ANY meaningful reductions in state government spending (i.e. the federal building cafeteria for one) and we're paying out more in oil tax subsidies than we're bringing in! Raiding the PFD is the easiest way to help close the budget gap, but nobody ever promised you that your job would be easy.

Sincerely,

Nicole

Dear Finance Committee members,

Alaska is in a fiscal crisis because our economy is almost solely based on the extraction and spending of our nonrenewable resources.

Now that our most lucrative nonrenewable resource has been extracted and spent, the big push is to Spend More to Extract Faster and to Spend what little we have saved (the Permanent Fund) for future generations of Alaskans.

These nonrenewable resources belong to all Alaskans including future generations of Alaskans.

This generation has already consumed and spent over 80% of all our nonrenewable resources extracted.

We have not been saving for nor investing in the replacement of those resources nor in diversifying our economy.

Now that our nonrenewable resources are being depleted we are getting a look at what it will be like when our nonrenewable resources run out.

\* Oil isn't going to provide the revenues it once did. Most of the most lucrative oil has been consumed.

\* The proposed Gas-line is not economic. If it was economic the Oil Companies would have built it.

Using the Permanent Fund for State General Fund spending will not last, because it will be spent faster than the Permanent Fund can generate revenues. Does nothing to build a sustainable economy.

**The deterioration of the Permanent Fund Corpus has already begun:**

- 1) By stopping the Inflation Proofing the Fund.
- 2) By proposing using the Percent Of Market Value (POMV) system that would allow more to be drawn from the Permanent Fund than it earns.
- 3) Legislators could (and probably would) increase the percent of draw whenever they want more money to spend.
- 4) By reducing the Royalties going into the Fund Corpus.

**If we want to have a viable sustainable future we need to cut inefficient and wasteful spending and diversify our economy.**

We need a fiscal plan and a economic plan.

## **FISCAL PLAN**

1) Restructure the taxes on Oil, Gas and All other nonrenewable resources.

A) We need to get the maximum use and revenues out of our nonrenewable resources as per the Alaska Constitution.

### Cut Inefficient and Wasteful spending.

A) Terminate all projects that are not feasible or can not provided enough revenues to pay for and support themselves.

1) Terminate the proposed Gasoline. \*It's not economic. If was economic the Oil companies would have built it.

2) Terminate the bridges and roads to nowhere. \*There isn't enough economy to support them.

3) No more Taj Ma Hawkers. \* An outrageous Waste of State resources.

4) Terminate the Power Cost Equalization program. \*Program encourages over use of expensive energy. \*We need to invest in less expensive alternatives instead.

5) Terminate the Debt Reimbursement program. \*Communities use this program as a way to bring revenues to their communities rather than what the program was intended for. Too many Good Usable buildings have been Destroyed so they can get state money to build new buildings.

6) College Scholarship Program should be Needs Based Loan program only or Terminated. \* If we can not afford to pay for college for those students that struggle and can not afford to pay for college than we should not pay for those students that can afford tutors and can afford to pay for their own college. \* Allow PFD applicants to leave their PFDs in the Fund and save for College.

7) The state should not have any State Employee Benefit program where the state is responsible for benefits after employment / retirement. \* The state is many billions of dollars in the red because of such an outlandish program (state employee Defined Benefit Program).

8) The Department of Transportation needs some serious scrutiny. \* There are too many layers and jurisdictions: State, Borough, Municipalities, Cities, Contractors, Sub contractors. \* Too many roads, intersections are built to insufficient design and then have to be redone to meet a more adequate design.

There is much more inefficiencies and wasteful spending by our governments. We need to look for more inefficiencies in our governments.

## Add New revenues

1) Restructure Oil and Gas Taxes. \* The Alaska Constitution mandates that we use the resources of Alaska for the maximum benefit. Paying to give away our resources is irresponsible and most likely unconstitutional. If the resource is not economic now leave them for the next generations.

2) Reinstate the Income Tax. \* This generation needs to pay for what they consume and spend. The income tax is the most fair and efficient way to get this generation to pay for our spending and not put all our burden on the next generations.

3) Increase Road Fuel Taxes. \* This is a good way to get those people that use the roads the most to pay their share of cost of maintenance and to discourage wasteful use of the roads.

4) The State needs to work with the Native Corporations to build and maintain their infrastructure rather than paying Corporate Dividends. \* If the Native Corporations are paying dividends the State should not be paying for their infrastructure. \* The purpose of the Native Corporations was to bring in revenues to pay for their infrastructure not to pay dividends.

5) Implement a property tax on Unorganized Areas. Residents in Organized Areas are having to pay for most of their infrastructure and operations while Unorganized Areas are getting all their infrastructure and services paid for by the state.

## **Economic plan**

### **Diversify Our Economy:**

#### **1) Build the Hydro-power dam:**

- A) Use revenues from Permanent Fund Earnings as a loan for construction.
- B) Could start new industries:
  - a) Recycle metals for Rebar and other metal products for Dam construction and in state construction and export after construction of the Dam.
  - b) Mine Gypsum and Limestone for making cement for Dam construction and instate construction and export after construction.
- C) Would provide many of good jobs during Dam construction.
- D) With income tax would provide revenues to the state.
- F) Would provide Electricity to power industries, businesses and residents for generations.
- G) Would provide revenues to repay the loan and those revenues would be available for other investments.

#### **2) Build an Petrochemical Industry:**

- A) Would add value to our nonrenewable resources (Oil, Gas and Coal).

- B) Extend the life of the of our nonrenewable resources.
- C) Provide good jobs for Generations.
- D) With income tax would provide revenues to the state.

**3) Start Managing Our Forests:**

- A) Managing our forests could help reduce the loss of millions of acres of timber every year to Fire and Insect infestation.
- B) Could provide Billions of dollars of would products for instate use and export.
- C) Could provide Thousands of jobs for generations.
- D) With income tax would provide revenues to the state.

**4) Increase Agriculture:**

- A) Would decrease our need to import food.
- B) Could provide jobs for generations.
- C With income tax would provide revenues for the state.

**5) Increase Our Fisheries and Fish Products:**

- A) Find ways to manage our fisheries to produce more like we did with salmon.
- B) Could provide thousands of jobs for generations.
- C) With income tax would provide revenues to the state.

**6) Integrate Our University into the Economy:**

- A) Use the University provide the knowledge and expertise to progress our economy into the future.

**7) Use of the Permanent Fund Earnings:**

- A) Use a portion of the Permanent Fund Earnings for loans to finance projects that will replace, add value to and extend the nonrenewable resources consumed or being consumed.

**Let's invest and build for the future not just Extract and Spend the future of Alaska.**

**PLEASE VOTE NO ON SB21, SB26, HB115 AND ALL OTHER LEGISLATION TO SPEND THE PERMANENT FUND ON GENERAL FUND SPENDING.**

**Thank you,**

**Phillip Furbush**

I strongly urge you to keep your hands off our PFD! It was meant for citizens, not to fund government! Make more cuts to legislators and their aides, get rid of the chef, there are plenty of ways to make cuts. Greed is the only reason these cuts haven't been made!!

DONT TOUCH OUR PFD!!

Sincerely,

Susan Carver

Wasilla, Alaska

Hi,

I wanted to share an exciting update about a petition I signed on Change.org: "DEFEND Our PFD and FUND NOW".

Read about the update "LEGISLATIVE PUBLIC HEARING MONDAY, 4/10 AT 4PM. STOP THE RAID - SB26 TO RESTRUCTURE THE FUND/PFD" below, and join me in supporting this campaign by signing the petition!

[https://www.change.org/p/defend-our-pfd-and-fund-now/u/19976015?recruiter=695660003&utm\\_source=share\\_update&utm\\_medium=email&utm\\_campaign=share\\_email\\_responsive](https://www.change.org/p/defend-our-pfd-and-fund-now/u/19976015?recruiter=695660003&utm_source=share_update&utm_medium=email&utm_campaign=share_email_responsive)

Thanks!

Elizabeth

**WILLIAM M. TOPEL**

**TESTIMONY TO HOUSE FINANCE COMMITTEE OF ALASKA LEGISLATURE:**

**HCS SB 26**

**April 10, 2017**

Re: "An Act relating to an appropriation limit; relating to the budget responsibilities of the governor; relating to the Alaska permanent fund, the earnings of the Alaska permanent fund, and the earnings reserve account; relating to the mental health trust fund; relating to deposits into the dividend fund; relating to the calculation and payment

of permanent fund dividends; and providing for an effective date."

To: Representative Neal Foster (Co-Chair), Representative Paul Seaton (Co-Chair), Representative Les Gara (Vice Chair), Members Representative Jason Grenn, Representative David Guttenberg, Representative Scott Kawasaki, Representative Dan Ortiz, Representative Lance Pruitt, Representative Steve Thompson, Representative Tammie Wilson, Representative Cathy Tilton, Representative Mark Neuman (Alternate), Representative Louise Stutes (Alternate). (Email: [house.finance@akleg.gov](mailto:house.finance@akleg.gov) or [housefinance@akleg.gov](mailto:housefinance@akleg.gov)).

My name is William Topel from Anchorage, representing myself, and having arrived in Alaska in 1966. I'm testifying today regarding HCS SB 26. I urge a NO vote on

this bill to restructure the Permanent Fund and to cap the PFD.

First, your allotted time limit of two minutes is NOT sufficient time for citizens to give their valued input to a complex bill with huge ramifications. Three minutes is the bare minimum that should be given.



Second, your appropriation limit of \$4.1 billion, not counting appropriations to the Alaska permanent fund, or payment of permanent fund dividends, or required to pay debt obligations of the state, or for a capital project, IS NOT LOW ENOUGH. A lower figure should ALSO include payment of debt obligations of the state and capital projects. Otherwise, you are not serious about controlling state spending. Unless the Legislature gets a handle on its overspending, there will always be this bloated state government that wants more of the people's money, either in the form of taxes or stealing the PFD, or both. A citizen's group project called "Mission Critical" has identified

many budget items that are over and above constitutional expenditures.

Third, your restricting of the PFD distribution to 25% of the amount calculated does not meet former Governor Jay Hammond's "50/50" plan, which is the most desirable split for essential government services and PFD distribution balance. The maximum amount of Permanent Fund earnings to be spent on essential government services by his formula split would also restrict government spending while continuing

the tremendous economic stimulus package by private citizens for the overall Alaska economy. Your 75/25 split limits the people instead of limiting the government.

Fourth, your language "may appropriate 25 percent of the amount calculated" for Sec. 37.13.146 DOES NOT GUARANTEE A PFD DISTRIBUTION. Current law specifies that the Permanent Fund Dividend SHALL be distributed.

Fifth, this bill changes not only changes the calculation of the Permanent Fund and PFD, but also caps the PFD. According to the state's economists in ISER (Institute

of Social and Economic Research), capping the PFD is the worst thing that you could

do to damage the overall state economy. Not only is this the worst possible tax, it hurts

the middle and lower income people the most, while having the least impact upon the

upper income people. I need the PFD to help me pay my exorbitant Anchorage property

taxes.

Sixth, there should be a vote of Alaskans before there are any changes to either the Permanent Fund or the PFD. Both belong to the people of Alaska. Are you afraid of

another PFD advisory vote, as was taken in 1999 (

[https://ballotpedia.org/Alaska\\_Permanent\\_Fund\\_Advisory\\_Question\\_\(1999\)](https://ballotpedia.org/Alaska_Permanent_Fund_Advisory_Question_(1999)) )? Let those people who want to pay something from their income or PFD to the state do so,

but leave the rest of us alone and don't force these taxes on us.

To conclude, leave the Permanent Fund and the PFD alone, and institute a meaningful spending cap instead. Most Alaskans do not want a government-directed socialist economy, but a healthy private sector with less people sucking off the government. Thank you for your time.

William Topel.

Please include my enclosed testimony for today's public hearing on HCS SB 26 into public record.

Please acknowledge individual receipt of email also, since before in this legislative those citizen emails were not distributed and forwarded directly to the committee members.

Thank you.

#### TESTIMONY HCS SB26:

My name is Karen Perry from Chugiak, Alaska and I am a member of the Constitution Party.

First of all, the royalties in government coffers at NOT your monies-it is the people's monies. Of these funds, you are allocated to spend 75% of them.

The other 35% is set aside for savings, these savings grow and earn revenues from which the PFD is paid. Therefore, the PFD is not the largest government "expense" as Senator Kelly is lying about.

The state wastes money and now wants to steal from the citizens. How much money is being wasted by funding hundreds, if not thousands of ghost positions? Why is that?! I want answers.

What about funds being allocated for KNIK River bridge project that remains dormant?

A chef for the Legislature....an office in Houston?

You wer not elected to do the bidding of a greedy, maniacal Governor!

You are supposed to be representing the people of Alaska. If you were paying attention, you would see that people all across the state are furious at legislators trying to steal the PFDs.....for you to do so is at your own peril. We are determined to kill off any future political ambitions you may have if you vote for this Bill!

Cutting the PFD reduces jobs, increase poverty, and increases income disparity. Use the Hammond 50/50 plan.

SB26 has had several good Amendments voted down by the GOP Majority in the Senate:

1. no sunset clause
2. changes the language form SHALL to MAY which means we may get NO PFD at all!
3. not putting this issue before the voters.

We are in a recession! Why would a government purposefully, PURPOSEFULLY try to destroy their own state by destroying the private sector?!

SB26 is nothing short of THEFT!

"THOU SHALT NOT STEAL" still remains as a commandment from a living God!

KEEP THE PFD AS IT IS!

Vote NO on SB26.

Cathy Tilton, as my Representative, please maintain an objection and vote NO on SB26.

Thank you.



Legislators,

Please keep your hands off the Permanent Fund! The proposal is illegal and furthermore, the majority of Alaskans do not support this! We should be allowed to vote for any proposed change to the structure.

Also, NO NEW TAXES! Your budget is out of line and you have cut next to NOTHING! Government is supposed to serve the people not the other way around. If you don't have the gumption to cut line by line, then use a percentage and let the departments prioritize their own budgets.

Bottom line: Stop trying to balance the bloated State budget on the backs of Alaskans! Leave our money in the private sector where it can benefit the economy.

Thank you!

Linn McCabe  
Big Lake

Stop stealing from the people of Alaska. If anyone cares about the people, I have some ideas on the budget. Alaska is out of control with spending. Taking from the PFD IS STEALING and Walker should hang his head in shame on the way to jail.

Richard Barnard

I oppose SB26! I am so tired of all of you trying to take the easy way out. You need to work harder, and YES it will be hard, to make the cuts necessary without touching the PFD or imposing other taxes on hard working Alaskans. This is our mineral rights you are messing with. Stop it! I haven't even heard the word "privatize" large portions of state government. Why? Because it's hard & nobody wants to do the difficult thing. Hell, you don't want to relocate to Anchorage or give up your chef! Most all of you disgust me. No, no NO to SB26!

Sandi Williams  
Wasilla, AK

Dear Finance Committee,

Testimony of Kevin McCabe

I was unable to get on for the call on SB26.

Please be advised, in no uncertain terms, I am totally against SB26. The theft of our PFD is not only unconstitutional but it is totally unnecessary.

There are at least three volunteer, citizen entities watching and diagnosing the current legislature and governor budgets and they ALL agree that there is NO NEED to take the PFD from your constituents. In short, you have not done enough to cut the budget. Period.

There are millions of dollars left to cut. I have written many or all of you previously and frankly have heard little from you. I get that, with the plethora of lobbyists and special interest groups that have easy access to your offices, it will be hard to make cuts. But the bottom line is this - you don't work for the lobbyists. You work for us - remember us, your constituents?

Cut the budget. We do NOT have a revenue problem. YOU have a spending problem.

- Cut anything to do with a gas line.
- Cut the Knik Arm Bridge and toll authority
- Cut your Chef
- Close your mail room
- Cut the funding for the almost 4000 state positions that are not currently filled
- Cut the ASD state funding unless and until they trip the 44% of their budget that goes to administrations
- Cut the total budget, not just the UGF. We all, by now, know the smoke and mirrors of the governors claims of budget cuts just because the UGF was cut. Total BS.
- Consolidate the university system - 13 satellites and 3 separate campuses. WHY?
- There are myriad other (hundreds if not thousands) of cuts needed.

In short, stealing Alaskan's PFD is not necessary even now, in a down oil economy. Cut your spending. THAT is the answer.

I oppose ANY attempt to take the PFD from the citizens of Alaska.

All the best

Kevin and Linn McCabe



Please include the following in the public testimony, online.

Dear House Finance Committee,

I don't support SB 26, because I don't support cutting the PFD. I am against an income tax, sales, and motor fuel tax. Please just cut the budget. Cut the SLUSH FUNDS! Stop building brand new ferries! Therefore, please vote no on SB26. Thank you!

William Deaton

Good evening.

Thank you for this opportunity to testify with regards to the modifications made to SB26 by the House Finance Committee. I am firmly opposed to the changes that the House Finance Committee has made to SB26. There is so much wrong with the Houses version of this bill, I am uncertain where to start. Thus, rather than even start to critique all of the flaws, I suggest that you simply scrap your version of SB26 and revert to the Senate's version. While I am not saying their version is what I would consider perfect, in comparison to what the House Finance Committee has crafted, it is orders of magnitude closer to perfection and thus worthy of passage.

I find the conditional language ("This act only takes effect if the legislature also passes and signs into law a broad based revenue measure and HB 111 as passed the House") that was inserted into the bill to be a terrible idea. Is the house really willing to scrap what you acknowledge to be the main fix of our budget solution if a broad based revenue measure and HB111 fail to pass? Are you willing to walk away without at least a partial solution this year? This seems ludicrous at best.

As an aside, it appears that you would still have to scrap this act if an income tax passes, how could a tax on less than 50 percent of the workers of the State be considered a "broad based tax". It seems like you are painting yourselves into a corner by demanding a "broad based revenue measure", unless you acknowledge that the use of all necessary Permanent Fund earnings is your broad based measure. Or you have switched positions and are now lobbying for a sales tax instead of an income tax.

I am firmly against an income tax or a sales tax until the revenue generated from the earnings of the Permanent Fund are unable to pay for the costs of the government that Alaskans collectively, through their legislators, demand. If that day comes, then I would be willing to support either an income tax, or a sales tax. But so long as a PFD check is issued, neither an income tax nor a sales tax should ever be considered, much less implemented in Alaska.

Again, thank you for this opportunity to testify! I do wish there was something that I could say that was positive with regards to your efforts. Unfortunately, I cannot, other than you at least understand that the Permanent Fund earnings must be a part of the solution to the problem that we face. That is perhaps a good point to start from, but your efforts to increase the amount of the PFD by \$250 does not appeal to me, especially in light of the fact that you want to take that money from someone's earned income so that you can give me the extra \$250.

Don Fritz

