

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 in state 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**

Hello. I just wanted to let you know we oppose House Bill 115!!

Thank you,  
Natalie Goddard

It completely defies normal economic policy to tax people while we are in a deep recession. Because of the poor economy and deep recession there are fewer and fewer Alaskan workers to even tax. Your estimated income tax revenues I am sure do not come close to reality. As the private sector continues to terminate jobs and cut work hours the income tax base is declining daily.

Why would you even consider taxing the few workers still left in Alaska. It makes no economic sense to take money away from the small population of Alaskan workers and give it to the state. The only way we are going to get out of this poor economy is to let Alaskans keep their wages that they earn to spend within the local economy and grow it from within. Taking money from Alaskans and giving it to the state will not recover our economy. It will only make the situation worse and lengthen the duration of our recession.

Please use common economic sense and let Alaskans keep their money that they earn in order to feed their families instead of feeding the endless trough of out of control state spending.

Alvin & Molly Hymes

HB115 hurts Alaskans and hurts our economy. The worse thing the legislature can do is raise taxes and take money from the pockets of hardworking Alaskans. We are already struggling with high costs of living and with the fact that the legislature is stealing our PFD. Our children deserve a better Alaska. Do not vote for something that will cripple our state and make it even more difficult for us to provide for our children.

Thank you.

Meghan Nelson  
Juneau Alaska

The recent Legislative Report in my in-box reminded me that HB 155 is still a viable option as far as the state is concerned.

It's bad enough that the state is taking money out of the pockets of residents with the permanent "restructuring", but

## **ESTABLISHING A STATE INCOME TAX IS ADDING INSULT TO INJURY.**

And, of course, as is the tendency of taxation, once it's established it will be easier to increase what was initially sold as "one of the lowest income taxes in the country" to a level that will eventually become a more substantial drain on working Alaskan families. That's how it works.

***If there HAS to be a new tax established, why not a SALES tax INSTEAD of an INCOME tax?***

***Why shouldn't tourists (spending their disposable income here) help fund our state budget shortfalls as opposed to taxing the income of Alaskan residents?***

***It's one thing to ask residents to consider a tax on what they SPEND (so that residents can decide IF they can afford to spend money on something; i.e. "disposable income") as opposed to taxing the income they work for and actually need to survive here.***

I already work five jobs to keep my household afloat; and have to scramble to find the money to pay FEDERAL income tax every year.

Now you want to add a STATE income tax to what I already have to payout?

I'll need another job to pay that tax, since I am already living paycheck to paycheck.

A state income tax is a BAD idea.

## **TAX SOMETHING ELSE!!!!!!**

***Preferably something that EVERYONE (residents and tourists alike) will pay to benefit our state.***

Thanks

H. Kevin Barnes



- 1) I will only support an income tax if it is very simple [ie- a flat % of the federal income tax]
- 2) I'm totally against dedicating the proceeds of the In tax to one entity such as education. It was bad enough that you voted to take maybe \$ 700 M out of the PF earnings reserve [maybe earning 7 %/yr] and put it into the education fund.  
What were you thinking ?
- 3) Each \$ 100 increase to the PF dividend means an extra \$ 70M is needed to fund our government.

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Ron Johnson  
Fairbanks, AK 99709

If you are going to put forth an income tax. then you should also amend that bill, so that all on welfare, section 8 housing, wic, medicaid, and ALL benefit programs MUST also see their benefits DECREASE by the same amount of the taxpaying public. The budget NEEDS to be cut, so that Alaskans can stay in Alaska. Bill Miller

I have been in Alaska in the Anchorage area since 1975. I would like to see a sales tax that includes a yearly payback of an extra amount added to the PFD. It would be a rebate for taxes paid up to the poverty level for all Alaskan residents. This will capture taxes from anyone who purchases in the State. It will un-tax all residents up to the poverty level through a system already in place. Please avoid an income tax. It is intrusive and complicated. Thank you. Please forward to anyone who would care to read. It would operate very similar to the FairTax.