
From: Rep. Chuck Kopp
Sent: Monday, July 15, 2019 9:20 AM
To: House Finance Legislation
Subject: FW: Budget

From: Kevin Hall <kevnden@outlook.com>
Sent: Monday, July 15, 2019 8:59 AM
To: Rep. Chuck Kopp <Rep.Chuck.Kopp@akleg.gov>
Subject: Budget

Good day.

This is my testimony for the 07/15/2019 committee meeting on the PFD.

In 2017, the Finance chairs at the time, particularly Senators Anna MacKinnon and Lyman Hoffman, as well as Senate President Pete Kelly, Majority Leader Peter Micciche and Rules Chair Kevin Meyer, and the LFD, decided to reclassify the PFD. This is what made the statutory POMV look more attractive or even necessary, and set us up for the situation we are in today.

By this slight of hand, in true Alaska Legislative fashion, they ignored LegFin's own test for whether a category qualifies for DGF:

"Designated general funds include;

- 1) program receipts that are restricted to the program that generates the receipts and
- 2) revenue that is statutorily designated for a specific purpose. Other funds have stricter restrictions on usage, and federal funds originate from the federal government and can be used only for a particular purpose."

This sneaky way of doing business, along with SB26, put the PFD squarely, and unconstitutionally, in the hands of politicians - many of whom have an agenda that does not align itself with the majority of Alaskans.

This is the same illusion that allows Senators, such as Chris Birch, to attempt to snow the Alaskan people with his "how can we afford the PFD? We NEED your money!" Rhetoric.

The PFD was never designed for this. It belongs to the people, NOT YOU! This sneaky way of reclassifying the relatively tiny amount of money that Alaskans get for their oil wealth demonstrates the single solution mind-set of many legislators.

I object to yet another in a long line of unnecessary and useless meetings. First you fan the flames of the debate with your public rhetoric on social media and news op-eds - pitting the PFD against your failed budget and telling people the sky is falling - all in an attempt to get the public to agree to the theft of our PFD. Then you hold more useless meetings hoping the public will agree with you. I truly find it odd that you keep having meetings but you won't put a bill on the ballot requesting we vote on the changes to the PFD.

What are you afraid of?

Your plan is expensive and Alaskans can see right through you...

I have a friend who's family lives in another state. They have an oil well on their property. The royalties from that well have supported his family for three generations. In Alaska we do not have that individual opportunity.

We don't because our constitution requires that all mineral wealth, under our state, be shared by the people. The PEOPLE not the legislature, not the governor, not those who need dental work or the elderly. Not college administrators, not state workers, and not the AFL-CIO, but ALL Alaskans.

Fact is, the royalties we receive, via the PFD, are a fraction of a fraction of the available royalties - and now you want that as well?

You have decided that you know better how to spend our money. But history has proven the fallacy of that idea. The legislature does not know how to properly and profitably spend money.

If you cannot, or will not, fit spending inside of revenue, with a predictable, sustainable, and affordable budget, then perhaps you should resign.

If you are a single solution legislator and cannot find any other way to budget, than to steal our PFD, then perhaps you should resign.

Anything less does the people of Alaska, the people you claim to represent, a disservice.

There is no right way to do a wrong thing.

Finally, there is NO SUCH THING as HB2001 as it has not been read across the floor. Please follow the law and the rules of order of the House.

Thank you.
Kevin and Denise Hall
Sterling, Ak

Get [Outlook for Android](#)

From: Rep. Chuck Kopp
Sent: Monday, July 15, 2019 9:20 AM
To: House Finance Legislation
Subject: FW: PF Dividend Testimony.

From: Kevin McCabe <kevinj.mccabe@gmail.com>
Sent: Monday, July 15, 2019 8:40 AM
Subject: PF Dividend Testimony.

Good day.

This is my testimony for the 07/15/2019 committee meeting on the PFD.

In 2017, the Finance chairs at the time, particularly Senators Anna MacKinnon and Lyman Hoffman, as well as Senate President Pete Kelly, Majority Leader Peter Micciche and Rules Chair Kevin Meyer, and the LFD, decided to reclassify the PFD. This is what made the statutory POMV look more attractive or even necessary, and set us up for the situation we are in today.

By this slight of hand, in true Alaska Legislative fashion, they ignored LegFin's own test for whether a category qualifies for DGF:

"Designated general funds include;

- 1) program receipts that are restricted to the program that generates the receipts and
- 2) revenue that is statutorily designated for a specific purpose. Other funds have stricter restrictions on usage, and federal funds originate from the federal government and can be used only for a particular purpose."

This sneaky way of doing business, along with SB26, put the PFD squarely, and unconstitutionally, in the hands of politicians - many of whom have an agenda that does not align itself with the majority of Alaskans.

This is the same illusion that allows Senators, such as Chris Birch, to attempt to snow the Alaskan people with his "how can we afford the PFD? We NEED your money!" Rhetoric.

The PFD was never designed for this. It belongs to the people, NOT YOU! This sneaky way of reclassifying the relatively tiny amount of money that Alaskans get for their oil wealth demonstrates the single solution mind-set of many legislators.

State of Alaska Fiscal Summary--FY17 and FY18 (Part 1)

(\$ millions)

	FY17 Budget						FY18 Budget			
	Unrestricted General Funds	Designated General Funds	Total General Funds	Other State Funds	Federal Receipts	All Funds	Unrestricted General Funds	Designated General Funds	Total General Funds	Other Funds
40 Fund Transfers (9)	29.4	39.3	68.6	-	-	68.6	(70.6)	13.7	(56.9)	
45 Current Fiscal Year Transfers	20.9	39.3	60.2	-	-	60.2	(70.6)	13.7	(56.9)	
50 Statutory Budget Reserve Fund	-	-	-	-	-	-	(96.6)	-	(96.6)	
51 Oil & Hazardous Substance Fund	15.6	-	22.8	-	-	22.8	15.9	2.2	18.1	
52 Vaccine Assessment Account	-	31.2	31.2	-	-	31.2	-	10.5	10.5	
53 Alaska Capital Income Fund (2)	4.4	-	4.4	-	-	4.4	9.1	-	9.1	
54 Other Funds	-	0.9	0.9	-	-	0.9	0.0	1.0	1.0	
55 Supplemental Appropriations (Fund Transfers)	9.3	-	9.3	-	-	9.3	-	-	-	
56 Community Quota RUF	-	(9.4)	(9.4)	-	-	(9.4)	-	-	-	
57 Statutory Budget Reserve Fund	(20.0)	-	(20.0)	-	-	(20.0)	-	-	-	
58 AMIS Fund	30.0	9.4	39.4	-	-	39.4	-	-	-	
59 Oil & Hazardous Substance Fund	(0.7)	-	(0.7)	-	-	(0.7)	-	-	-	
60 Post-Transfers Authorization (unduplicated)	5,223.4	996.8	6,220.2	752.6	3,841.7	10,814.4	5,017.7	966.8	5,984.5	7
61 Post-Transfer Balance to/(from) the CDR	(2,821.8)	Revenue Covers	Revenue Covers	46.0%	of Appropriations		(2,372.7)	Revenue Covers	Revenue Covers	
FISCAL YEAR SUMMARY	5,223.4	996.8	6,220.2	752.6	3,841.7	10,814.4	5,017.7	966.8	5,984.5	
Agency Operations	3,926.8	623.5	4,550.3	568.4	2,478.5	7,028.7	3,732.6	877.2	4,609.8	
Statewide Items	430.4	121.8	552.3	60.3	28.9	641.4	463.6	47.6	511.2	
Permanent Fund Earnings Reserves	666.2	0.0	666.2	0.0	0.0	666.2	760.0	0.0	760.0	
Total Operating	5,023.4	745.3	5,768.7	628.7	2,507.4	8,276.1	4,956.2	924.8	5,881.0	
Capital	141.2	12.2	153.4	93.9	1,334.2	1,581.3	132.0	20.2	152.2	
Transfers	20.4	39.3	59.7	-	-	59.7	(70.6)	13.7	(56.9)	

Notes:

- (1) The Department of Transportation's 2017 and 2018 budgets include a \$5.0 million and \$5.0 million, respectively, in the amount of \$5.0 million per year.
- (2) Permanent Fund Dividends and earnings on the Amerasia Plus portion of the Permanent Fund were reclassified as UGF expenditures. Prior to 2017, they were recorded as DGF expenditures.
- (3) The revenue from the oil and gas severance tax was reclassified as designated general fund revenue in accordance with statute, reducing UGF revenue by \$36.1 million. The combined impact is a \$27.1 million. Second, existing motor fuel tax revenue was reclassified as designated general fund revenue in accordance with statute, reducing UGF revenue by \$36.1 million. The combined impact is a \$27.1 million.
- (4) Carryforward is money that was appropriated in a prior year that is made available for spending in a later year via multi-year appropriations. Repeals increase revenue by reducing prior year authorization unknown until the close of FY17. Nonappropriations to operating budget funds are counted as UGF revenue.
- (5) Restricted revenue equals spending for each category. Designated general funds include 1) program receipts that are restricted to the program that generates the receipts and 2) revenue that is statute purpose. Other funds have stricter restrictions on usage, and federal funds originate from the federal government and can be used only for a particular purpose.
- (6) Duplicated authorization is in the budget twice, such as when funds flow in and out of a holding account or one agency pays another for services provided. Duplicated authorization also included the ex-dub service on bonds (which includes repayment of principal) will be reflected in future operating budgets.
- (7) Including duplicated fund sources in the amount of capital spending provides a valuable measure of "money on the street" because it includes projects funded with bond proceeds and other duplicated.
- (8) The post-transfer deficits for FY17 and FY18, estimated to be \$2.8 billion and \$2.4 billion, respectively, will be drawn from the Constitutional Budget Reserve.
- (9) "Fund Transfers" refer to appropriations that move money from one fund to another within the Treasury. Although transfers are not true expenditures, they reduce the amount of money available for other calculations of the surplus/deficit. For reserve accounts, a positive number indicates a deposit and a negative number indicates a withdrawal. When money is withdrawn and spent, the expenditure is budgeted, as appropriate.

I object to yet another in a long line of unnecessary and useless meetings. First you fan the flames of the debate with your public rhetoric on social media and news op-eds - pitting the PFD against your failed budget and telling people the sky is falling - all in an attempt to get the public to agree to the theft of our PFD. Then you hold more useless meetings hoping the public will agree with you. I truly find it odd that you keep having meetings but you won't put a bill on the ballot requesting we vote on the changes to the PFD.

What are you afraid of?

Your plan is expensive and Alaskans can see right through you...

I have a friend who's family lives in another state. They have an oil well on their property. The royalties from that well have supported his family for three generations. In Alaska we do not have that individual opportunity. We don't because our constitution requires that all mineral wealth, under our state, be shared by the people. The PEOPLE not the legislature, not the governor, not those who need dental work or the elderly. Not college administrators, not state workers, and not the AFL-CIO, but ALL Alaskans.

Fact is, the royalties we receive, via the PFD, are a fraction of a fraction of the available royalties - and now you want that as well?

You have decided that you know better how to spend our money. But history has proven the fallacy of that idea. The legislature does not know how to properly and profitably spend money.

If you cannot, or will not, fit spending inside of revenue, with a predictable, sustainable, and affordable budget, then perhaps you should resign.

If you are a single solution legislator and cannot find any other way to budget, than to steal our PFD, then perhaps you should resign.

Anything less does the people of Alaska, the people you claim to represent, a disservice.

There is no right way to do a wrong thing.

Finally, there is NO SUCH THING as HB2001 as it has not been read across the floor. Please follow the law and the rules of order of the House.

Thank you.

Kevin and Linn McCabe

DRAFT

	A	E	F	G	H	I
1	FY20 Surplus/Deficit under Various Scenarios					
2	Unrestricted General Funds (\$ thousands)					
3						
4	APPROPRIATIONS	Budget Adopted by Legislature	Vetoed	July 13 Enacted FY20 Budget	SB2002 (Gov)	Enacted Bills plus SB2002 (Gov)
5	Agency Operations	3,826,028.7	(264,677.5)	3,561,351.2		3,561,351.2
6	Statewide Items	554,317.1	(103,122.2)	451,194.9		451,194.9
7	Fiscal Notes				35,824.6	35,824.6
8	Capital*	13,200.0	(11,700.0)	1,500.0	131,301.3	132,801.3
9	Transfers to Address Lack of Reverse Sweep				115,000.0	115,000.0
10	Transfers	42,771.6	(309.1)	42,462.5	-	42,462.5
11	Total Budget	4,436,317.4	(379,808.8)	4,056,508.6	282,125.9	4,338,634.5
12						
13	REVENUE					
14	Traditional UGF Revenue	2,303,615.9		2,303,615.9		2,303,615.9
15	POMV Revenue	2,933,084.1	(1,000,000.0)	1,933,084.1		1,933,084.1
16	Total Revenue	5,236,700.0	(1,000,000.0)	4,236,700.0	-	4,236,700.0
17						
18	Surplus / (Deficit)	800,382.6		180,191.4		(101,934.5)