

From: [Jason Alward](#)
To: [Fiscal Policy](#)
Subject: Alaska PFD and State Budget Issues
Date: Wednesday, July 28, 2021 8:19:38 AM

First of all, I would like to thank all of our Alaska State Legislators for doing their job and providing a reasonable budget, with a sustainable PFD, to the Governor.

The initially proposed PFD would have been an increase over last year and is greatly needed for both struggling residents and the economy. However, those legislators that were responsible for lowering the amount to \$525 should be ashamed. Even more despicable, was the fact that the Governor vetoed the PFD altogether. Apparently, this is all just a JOKE TO HIM because now we possibly risk having a year without a PFD at all!

The Alaska House and Senate provided a budget with a **sustainable PFD**. We cannot continue this political football/ponzi scheme and pay unrealistic PFD's because, in the end, taxpayers will just be left holding the bag. Until we can better diversify the states revenues, our only choice is to continue to use the PFD for the nearly one billion dollar shortfall. There are no more significant cuts that can be made to the budgets and we can no longer solely rely on oil with declining throughput and lower trending oil prices.

We cannot and should not constitutionalize/codify a PFD amount until we attract more business and industry to generate substantially more revenue for the state. This type of plan would only put the taxpayers or the future of the PFD at risk. I understand that without a PFD plan, this continues to allow current and future Governors to make unrealistic promises/bribes in order to get elected. Voters, unfortunately, will just have to wise up to these phony campaign promises. The vast majority of Alaskans enjoy the current level of services provided to them by municipal, city, borough, and state entities. Therefore, it continues to make sense to use only reasonable spending of the PFD to cover reasonable funding shortfalls. Then, a PFD can be paid out to all eligible Alaskans with an amount that doesn't over draw the funds future. This type of prudent oversight will keep the fund strong for generations to come.

In summary and contrary to what the Governor was trying to do, we must rectify the budget and the PFD at the same time, which is what the majority of our responsible legislators were seeking to do.

Thank you for the opportunity to contribute written testimony on behalf of these very important matters.

Sincerely,

Jason Alward
Anchorage

From: [Patricia Moulton](#)
To: [Fiscal Policy](#)
Subject: Alaska PFD for the people- Do not Rob the PFD for your own agenda! We will vote you out! This is the Alaska People's money and future Alaskans.
Date: Wednesday, July 28, 2021 9:29:48 AM

The people of Alaska deserve their fair share of the PFD. The PFD should have never been used to bail out the budget and robbed! The Alaska people deserve a large PFD this coming October !!

Sent from my iPhone

From: [scott b](#)
To: [Fiscal Policy](#)
Subject: Budget
Date: Wednesday, July 28, 2021 9:31:00 AM

Legislators,

I am opposed to any new taxes and want my full PFD. State government is still too big and inefficient. The state was supposed to be incorporated into boroughs and that never happened. Let the local communities tax themselves and take on more services. We've got way too many schools in the middle of nowhere with people paying nothing to support them. The gas line is dead, quit spending money on it. The state is still wanting to provide the services it did in the 80's when oil brought in way more money. It needs to stop.

The PFD does way more for the economy than it will paying a bunch of unneeded bureaucrats in obscure agencies and departments. The fact that previous legislators pissed away \$14 BILLION in savings and we are no better off shows they can't be trusted with the Permanent Fund. The fund needs to be protected by the state constitution.

Thanks,
Scott

Sent from my iPhone

From: [Janet Angel](#)
To: [Fiscal Policy](#)
Subject: Budget
Date: Wednesday, July 28, 2021 8:35:19 AM

I'll be brief. I'm a 50 year resident of Alaska and I have never seen our state in such decline as it is today. We must get control of our fiscal budget without the influence of lobbyists. Money has to come from somewhere, we can't keep robbing our savings and reserve. First remove the tax credit for the oil companies and implement a sales tax. As a property owner, I no longer want to bare the huge burden of funding state programs. I thank you in advance for doing what is best for Alaskans and ignoring those, that do not have our best interest at heart.

Janet Colón

From: [Thomas DePeter Jr.](#)
To: [Fiscal Policy](#)
Subject: Budget
Date: Wednesday, July 28, 2021 9:19:06 AM

Provide THE BASIC ESSENTIALS that government is suppose provide. If there is a surplus either reduce collection of certain taxes, develop the infrastructure the citizens deem necessary, keep SOME in reserve.

The Permanent Fund should be FULLY funded as required by Alaska law. If not do make a payment to each qualified resident. Payment should be increased for the number of years the resident has been here. This was sent up this way till the it was said to be not fair(?????) Don't be a spendthrift during good times.

TNDjr

From: [Brad Keithley](#)
To: [Fiscal Policy](#)
Cc: [Sen. Lyman Hoffman](#); [Sen. Shelley Hughes](#); [Sen. Scott Kawasaki](#); [Sen. Jesse Kiehl](#); [Sen. Elvi Gray-Jackson](#); [Sen. Mike Shower](#); [Rep. Jonathan Kreiss-Tomkins](#); [Rep. Calvin Schrage](#); [Rep. Ben Carpenter](#); [Rep. Kevin McCabe](#); [Rep. Grier Hopkins](#); [Rep. Mike Prax](#)
Subject: Comments of Alaskans for Sustainable Budgets On A Comprehensive Fiscal Plan
Date: Wednesday, July 28, 2021 2:17:10 PM
Attachments: [\\$1500 PFDcut \\$0 PIT \\$0 Sales \\$0 Payroll.png](#)
[\\$75 PFDcut \\$750 PIT \\$675 Sales \\$0 Payroll.png](#)
[\\$500 PFDcut \\$1500 PIT \\$0 Sales \\$0 Payroll.png](#)
[\\$75 PFDcut \\$600 PIT \\$450 Sales \\$375 Payroll.png](#)
[\\$1.5bn Flat Tax.png](#)

This is to provide the comments of Alaskans for Sustainable Budgets on a comprehensive fiscal plan.

Like others, we support a comprehensive approach that starts with some spending cuts and some increased revenues from oil taxes. It is important for the legislature to be clear (and Alaskans to understand), however, that because of the size of the deficits facing Alaska over the next decade, individual Alaskans also will be required to contribute significant amounts to cover the costs of their own government.

As reflected in [Legislative Finance's July 14, 2021 Presentation to the Working Group](#) (at p. 19), the average "current law" deficit projected through the remainder of the decade (FY22-30) is **\$1.5 billion per year** (rounded from \$1.5402). Even if the legislature is able to identify and pass permanent spending cuts from the current law baseline and oil tax increases totaling \$500 million per year -- a stretch case, at best -- current law deficits still will average around \$1 billion per year. Revenues raised from individual Alaskans will be required to close the remaining amount.

Merely identifying the level of the remaining deficit is only a preliminary step in designing a comprehensive plan, however. The much more important step is deciding who -- which Alaskan families -- will be required to make the necessary contributions.

It is important to understand in this context that different approaches to raising revenues -- e.g., PFD cuts, income taxes, sales taxes, payroll taxes -- are merely tools used to direct the costs to different groups of Alaska families. PFD cuts, for example, push the greatest share of the burden, by far, to middle and lower income Alaska families. Progressive income taxes, on the other hand, push the greatest share of the burden to higher income Alaska families. Although less than PFD cuts, sales taxes nevertheless ask more of middle and lower income Alaska families than those in higher income brackets. Payroll taxes take more from middle income families than those at either end of the spectrum.

In deciding which approach to use, the legislature necessarily is deciding which Alaska families will bear a larger or smaller share of the burden required to close the remaining fiscal gap. This issue -- "who pays" -- is **the** critical issue facing this Working Group and the legislature. Not only will the decision affect the equity of the revenue burden -- which Alaska families contribute more and which less -- as importantly it also will directly impact the Alaska economy.

As ISER's March 2016 study of the "[Short-Run Economic Impacts of Alaska Fiscal Options](#)" makes clear, the more regressive an approach (weighted more toward middle and lower income brackets), the larger the adverse

impact on the overall Alaska economy ("Lower-income Alaskans typically spend a higher share of their income than higher-income Alaskans do, so more regressive measures will have a larger adverse effect on expenditures [economic activity]," at A-14.)

Thus, deciding the revenue approach not only will determine the relative burdens imposed on Alaska families at different income levels, but also significantly affect the strength or weakness of the overall Alaska economy.

In the comments that follow we analyze the differing impact on Alaska families -- the "who pays" issue -- of various revenue options. We do so using the data contained in the April 2017 Institute of Taxation and Economic Policy (ITEP) study prepared for the legislature, entitled "[Comparing the Distributional Impact of Various Revenue Options in Alaska](#)," the most detailed review of the issue undertaken in recent years.

Our goal in the analysis is to identify an approach that spreads the burden equitably among all Alaska families in a way that has a low adverse impact on the overall Alaska economy. Our conclusion is that a flat tax (a flat rate applied to income) best meets that objective.

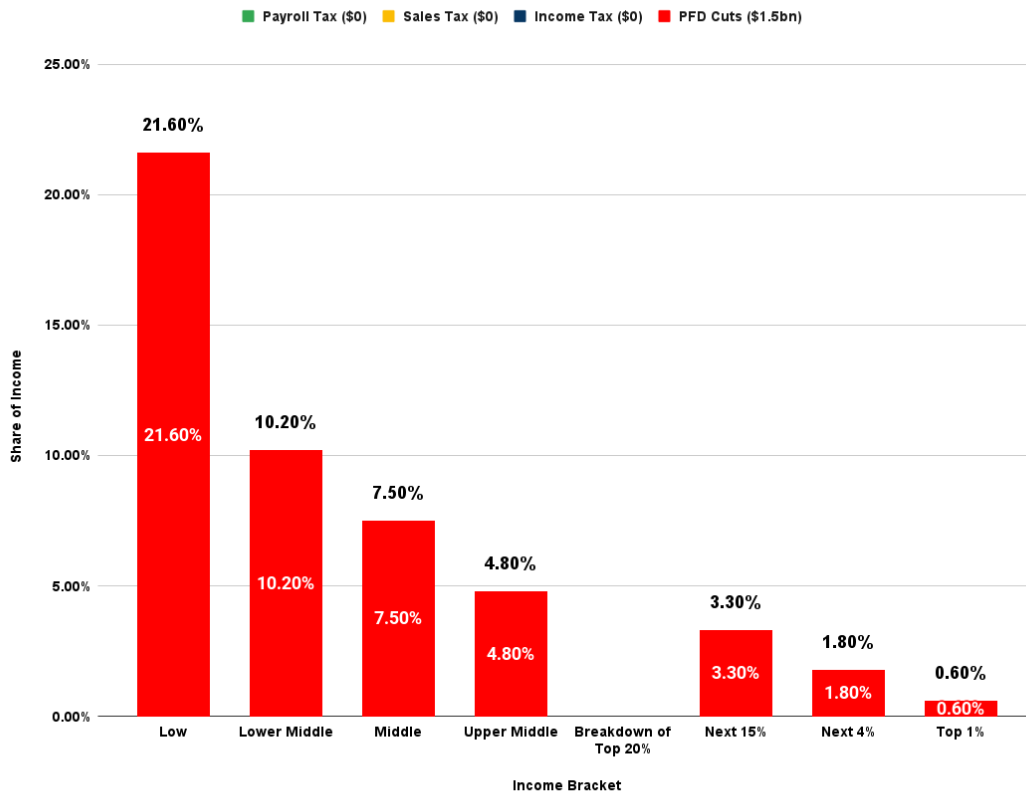
PFD Cuts:

As a starting point, we examine the distributional impact (by income bracket) on Alaska families of using solely PFD cuts (from current statutory levels) to close the projected deficit. The numbers are the impact, applying the ITEP data, of raising \$1.5 billion in revenue through such a means, the full, annual deficit for the FY22-30 period projected by Legislative Finance.

Reducing the deficit through spending cuts or additional oil tax revenues would reduce the size of the impact on each income bracket, but would not reduce the relative distributional effects between brackets.

For example, reducing the size of the remaining deficit from \$1.5 billion to \$1 billion would reduce the share of income taken from families in the Lowest 20% from 21.6% to 14.5%, in the Middle 20% from 7.5% to 5% and in the Top 1% from 0.6% to 0.4%. Under both revenue levels, however, the government would still take as a share of income more than 35 times from the Lowest 20% than from the Top 1% (14.5% to 0.4%), and nearly 3 times more than from the Middle 20% (14.5% to 5%). Government take from Middle 20% families would still be more than 12 times greater than from the Top 1% (5% to 0.4%).

Impact on Alaska Families of PFD Cut, Progressive Income Tax, Sales Tax & Payroll Tax
(Combined Rate Designed to Raise \$1.5bn, Based on Data from 2017 ITEP Report)



As is clear, PFD cuts are hugely regressive, with the greatest impact, by far, falling on middle and lower income Alaska families. The adverse economic impact is similarly substantial.

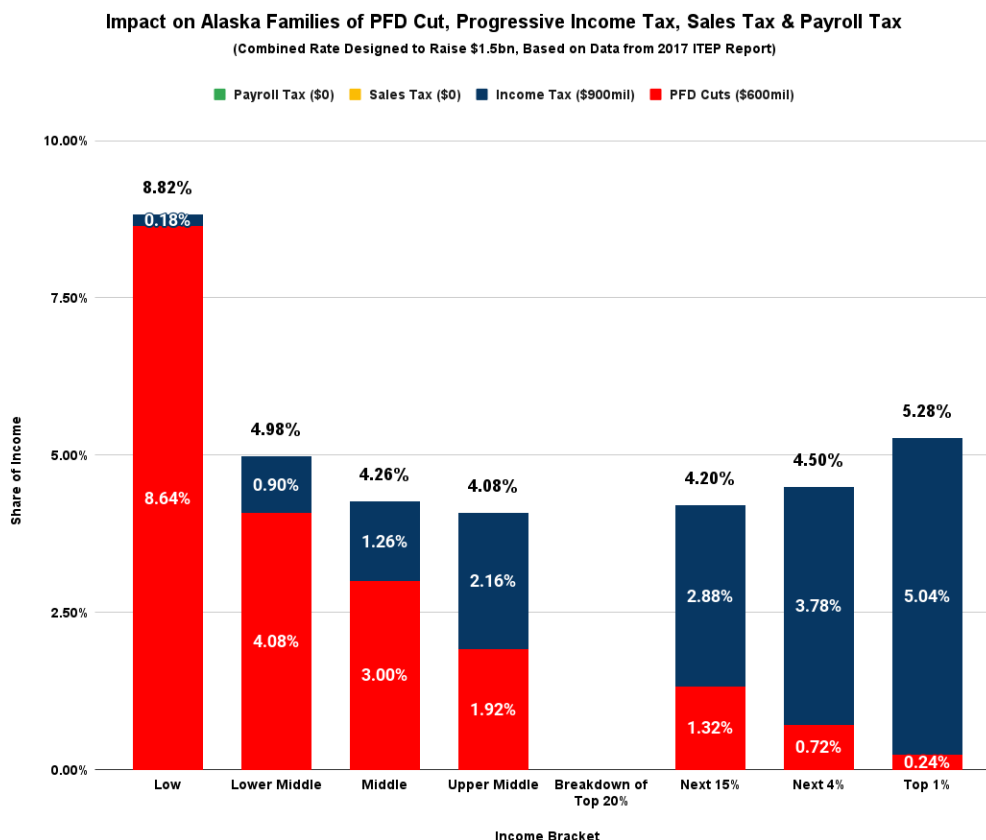
Indeed, according to ISER's previous reviews of the impacts, using PFD cuts to close the deficit has the "largest adverse impact" of all the revenue options on both Alaska families (ISER 2017: "A cut in PFDs would be by far the costliest measure for Alaska families," at 1), and through them, the overall Alaska economy (ISER 2016: "The impact of the PFD cut falls almost exclusively on residents, and it is highly regressive, so it has the largest adverse impact on the economy per dollar of revenues raised," at A-15).

Because it has the "largest adverse impact" of all the options on both Alaska families and the Alaska economy, relying solely on PFD cuts should be the very last option used to close the deficit, not, as it has been, the first.

Progressive Income Tax:

Rather than rely on PFD cuts alone, some have proposed pairing reductions in the PFD from current statutory levels to POMV 50/50 with a progressive income tax to raise the remaining required revenues. According to Legislative Finance's most recent estimates, reducing the PFD to POMV 50/50 from current statutory levels would raise, on average, approximately \$600 million per year over the period FY22-FY30. Filling the remainder of the deficit (\$900 million) through the progressive income tax

approach analyzed in ITEP's 2017 study results in the following distributional impact:



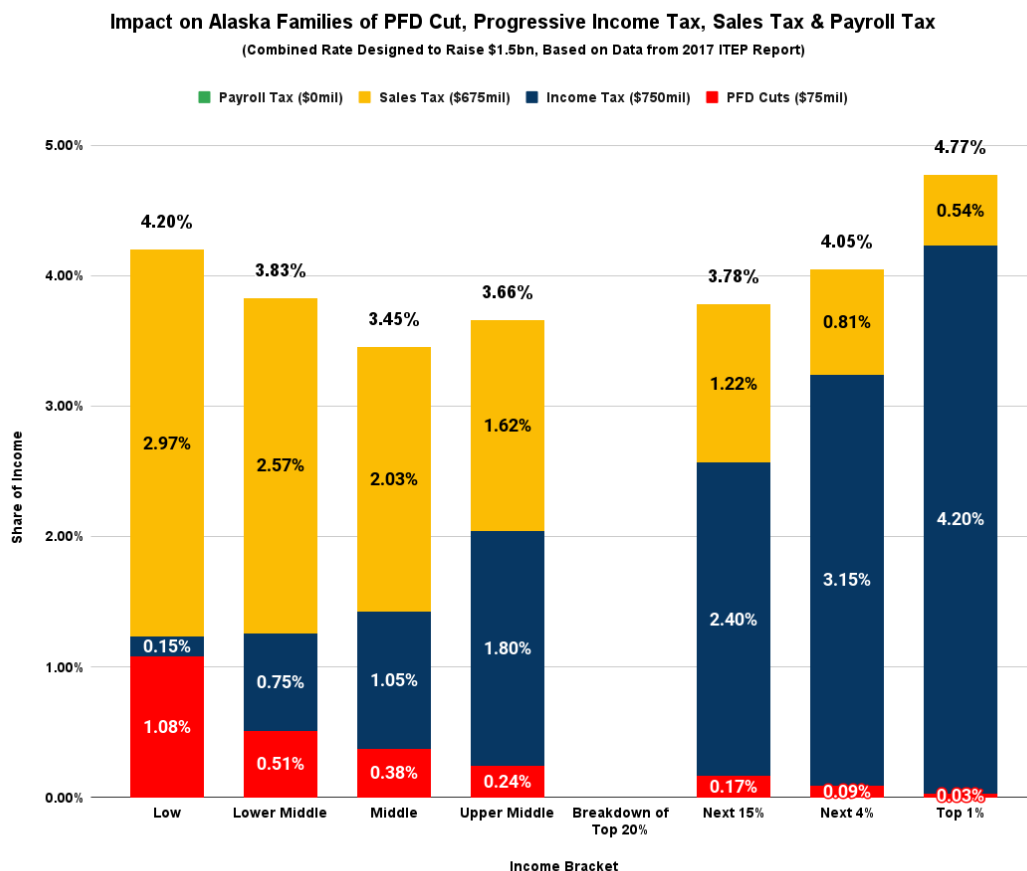
While the level of the regressive impact is reduced from the "PFD Cuts Only" approach, using a combined POMV 50/50/Progressive Income Tax nevertheless remains largely regressive for 60% of Alaska families, with middle, lower middle and particularly low income families continuing to bear a larger share of the burden than upper middle income Alaska families. The Lowest 20% would still contribute more than 1.5 times the Top 1%, and more than 2 times the Middle 20%. Because of the progressive effect of the income tax component, Middle 20% families would contribute less than those in the Top 1%, but still more than Upper Middle 20% families or those in the lower ("next 15%") segment of the Top 20%.

As a result, while the approach moderates somewhat the adverse impact of the "PFD Cuts Only" approach, it nevertheless still has an adverse impact compared to other, flatter options both on the largest share of Alaska families and the overall Alaska economy.

(We would note that, as currently proposed, Rep. Wool's HB 37 would have an even larger adverse impact on middle and lower income Alaska families than the POMV 50/50/Progressive Income Tax combination analyzed above. This is because the current version of HB 37 both relies more heavily on PFD cuts and because the tax portion is less progressive.)

Sales Taxes:

While still regressive, sales taxes are less regressive than PFD cuts. As a result, substituting the sales tax approach analyzed in ITEP's 2017 study for a significant share of the PFD cuts resulting from restructuring the PFD to POMV 50/50 would somewhat help flatten the distributional impact among income levels from the alternatives discussed above:



Note: The sales tax approach analyzed in ITEP's 2017 analysis is based on SB 5004 (2016 Legislative Session), which also contains a use tax falling largely on property used in manufacturing and natural resource extraction. The use tax portion of SB 5004 raises substantial revenue, reducing the portion raised by the sales tax, and thus, the revenue required from Alaska families.

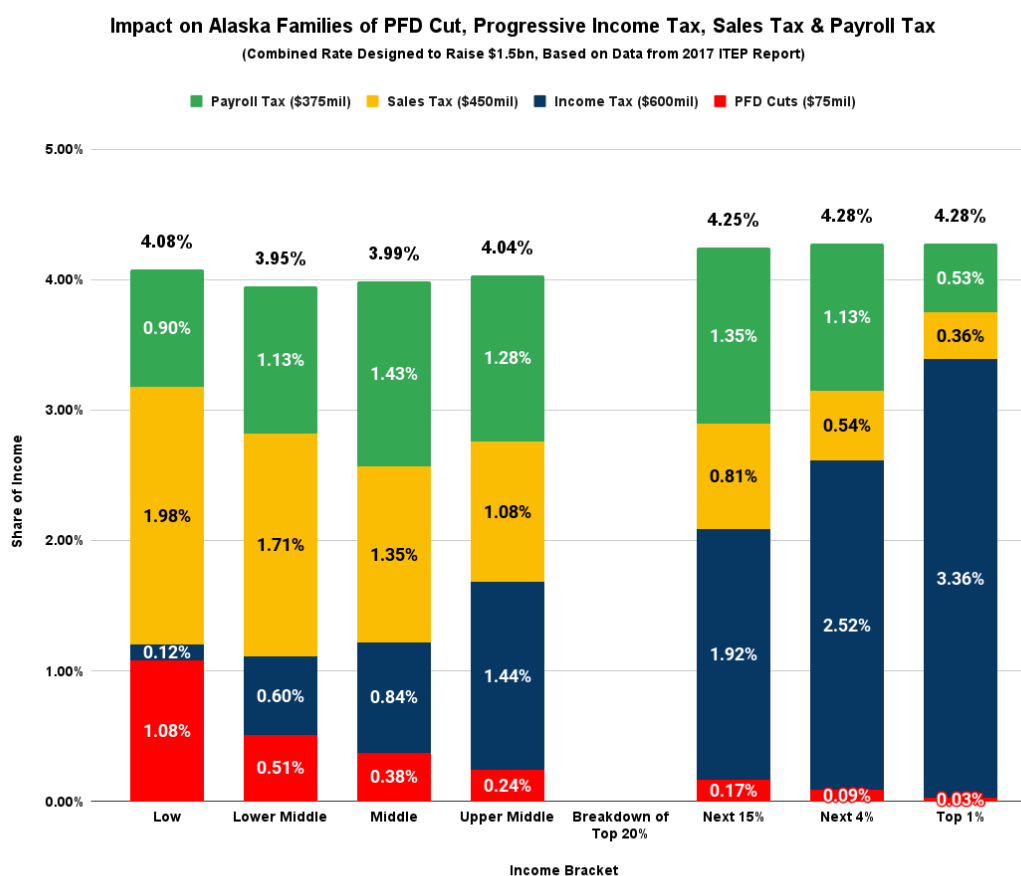
As is clear, substituting a sales tax for a significant share of the PFD cuts resulting from restructuring the PFD would significantly soften the regressive impact at the low end of the income spectrum, but would not eliminate it. The approach continues to remain regressive for 40% of Alaska families, with lower middle and low income families still bearing a larger burden than middle and upper middle income Alaska families.

At the same time, upper income Alaska families -- the Top 20% -- would bear a share of the burden that, while mostly still smaller than low income families, is increasingly larger than other income brackets. Similar to how a regressive approach reduces economic activity, such a progressive distribution potentially could reduce savings and

investment levels in the Alaska economy compared to other, flatter approaches, potentially slowing economic growth.

Payroll Taxes:

Unlike PFD cuts and sales taxes at one end of the spectrum, and progressive income taxes at the other, the largest impact of payroll taxes falls on middle income families. As a result, substituting the payroll tax approach analyzed in ITEP's 2017 study for portions of both the sales tax and progressive income tax included in the earlier paragraphs would result in softening the the burden on both upper and lower income brackets, with the following overall distributional effect:



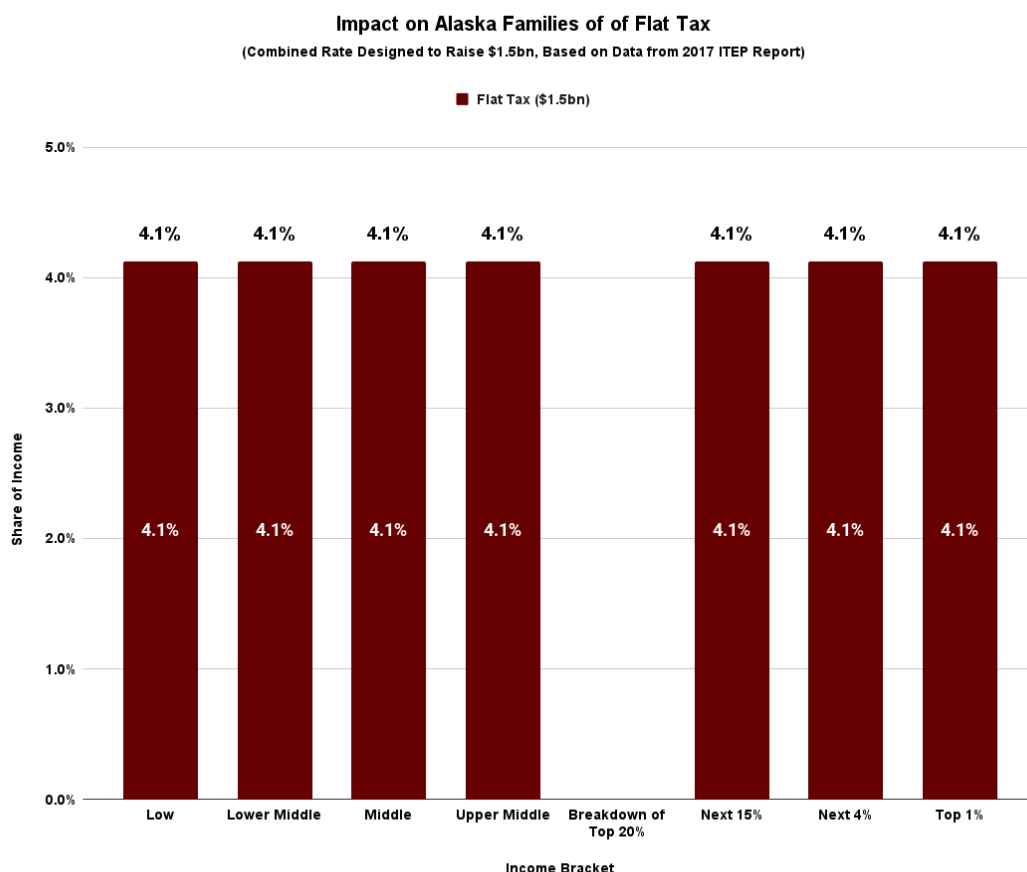
As is clear, substituting a payroll tax for a significant share of sales and progressive income taxes would flatten the overall distributional impact significantly, improving both the impact on Alaska families and the overall Alaska economy compared to other, more regressive and progressive approaches. While the Lowest 20% would still contribute slightly more than those in the middle income brackets, the take levels of all income brackets would fall within 10% of each other. In other words, those in any income bracket would not contribute as a share of their income more or less than 10% of those in any other bracket.

By flattening the distributional impact, regressivity would no longer suppress economic activity, nor would progressivity potentially adversely impact savings and investment levels in the Alaska economy.

The problem with the approach, however, is that it requires combining four revenue approaches -- PFD cuts, progressive income taxes, sales taxes and a payroll tax, each offsetting the biases of the others -- to produce the overall result. There is a much more direct, and much simpler way to achieve the same result.

Flat Tax:

A flat tax (a flat rate applied to income) would simply take the same share of income from each income bracket.



As with the four-pronged combination of PFD cuts, progressive income tax, sales tax and payroll tax discussed in the previous segment, a flat tax would treat all Alaska families the same, without requiring a larger contribution from some than others. In doing so, it would similarly reduce the adverse impact on the Alaska economy either from reduced economic activity due to a regressive tax structure, or reduced savings and investment due to a progressive structure.

By using a single rate and a single revenue approach, however, a flat tax would do so much more directly and simply than the four-pronged approach. One simple revenue approach would replace the complicated interaction of four.

For that reason we support a flat tax over all of the other revenue alternatives.

Conclusion:

In closing, we want to identify three important points we believe should be kept top of mind in deciding on the revenue approach used to close the fiscal gap remaining after factoring in additional spending cuts and restructured oil taxes.

First, the decision should not be based on which approach "feels" or "looks" better, or seems "fairer" than the others for this or that philosophical reason. As demonstrated above, each approach targets different segments of the Alaska population and has different impacts on distributional equity among Alaska families and on the overall Alaska economy. The decision should be based on a transparent and well-reasoned decision of which Alaska families, if any, should be called on to bear more of the burden of government spending than others and the extent and manner in which the legislature believes it is appropriate to burden the overall Alaska economy. In short, the decision should be based on hard numbers and transparent analysis, not "feel."

Second, going forward we believe **any** presentation either to this Working Group or the Legislature on revenue options should be required to include a distributional and economic analysis along the lines used above. To be direct, we believe it is irresponsible for the legislature to continue "flying blind" on the consequences its actions may have on Alaska families and the overall Alaska economy. Both the legislature and through presentations to it, Alaskans should know the impacts of the legislature's actions on both Alaska families at various income levels and the overall Alaska economy.

Third, in our view, the final decision should be as neutral as possible among Alaska families and the overall Alaska economy. **ALL** Alaska families share in the benefits of government; as a consequence, we believe **all** Alaska families should share equitably in its costs. Tilting the burden in favor of one income segment or another merely incentivizes the benefited bracket to push for more (or at a minimum, to be indifferent to the costs of) government, because someone else is paying most of the bill. Similarly, the legislature should seek to avoid further burdening the Alaska economy by tilting the burdens in ways that have an adverse impact on the overall Alaska economy. It is for that reason that we propose a flat tax as the best approach to cover the remaining fiscal gap.

Thank you for considering these comments.

Brad

Brad Keithley
Managing Director, Alaskans for Sustainable Budgets

[Redacted signature block]

Web: AKforSB.com



From: [Executive Director](#)
To: [Fiscal Policy](#)
Subject: Comprehensive Fiscal Policy Working Group - written public testimony for Thursday, July 29
Date: Wednesday, July 28, 2021 3:12:11 PM
Attachments: [Budget Choices 7.28.21.pdf](#)
[CORR ASL Fiscal Policy 07282021.pdf](#)

July 28, 2021

Comprehensive Fiscal Plan Working Group
Alaska State Legislature
c/o Anchorage Legislative Information Office
1500 W. Benson Boulevard
Anchorage, Alaska 99503

Dear Legislators:

As part of the Comprehensive Fiscal Plan Working Group's deliberations, Commonwealth North (CWN) offers the responses it has received from 2,157 Alaskans on the choices they would make on the same policy-related choices the Working Group is evaluating.

The responses are from CWN's "Alaska Budget Choices" website (www.akbudget.com), which challenged Alaskans to work through the choices and trade-offs that will be necessary to bring the state's finances into balance.

Of special interest to the Working Group may be the choices made for two Permanent Fund-related options:

Use of Permanent Earnings (POMV formula):

- 57% said to follow existing payout formula
- 16% said take additional 0.5% of earnings
- 15% said take additional 1.5% of earnings
- 11% said take additional 1% of earnings

Permanent Fund Dividend:

- 42% said pay out the same amount next year as this year
- 33% said suspend dividends until the State can afford them
- 12% said pay the full dividend from the past three years
- 12% said use the statutory formula to pay next year's dividend

As background, Commonwealth North was founded in 1979 by Governors Wally Hickel and Bill Egan to provide a non-partisan environment to talk about issues important to Alaska's future. It does its work through study groups. The Budget Choices project is the work of the Fiscal Policy Study Group, co-chaired by Cheryl Frasca and Eric Wohlforth.

Attached is the full report for responses received through today. We hope the responses provide the Working Group with insight into the choices many Alaskans would make.

Respectfully,

COMMONWEALTH NORTH

Wanetta Ayers
Executive Director

Attached:



**COMMONWEALTH
NORTH**

Illuminating Alaska's Issues

Wanetta Ayers
Executive Director
COMMONWEALTH NORTH, INC.



Anchorage, Alaska 99524-0668



[JOIN](#) [LEARN](#) [DONATE](#)

From: [Andy Cizek](#)
To: [Fiscal Policy](#); [Rep. Sarah Vance](#); [David Eastman](#); [Rep. Ronald Gillham](#); [Rep. Ben Carpenter](#); [Sen. Peter Micciche](#); [Sen. Donny Olson](#); [Sen. Gary Stevens](#); [Rep. Louise Stutes](#)
Subject: DO NOT STEAL THE PFD FROM THE PEOPLE WHO IT BELONGS TO
Date: Wednesday, July 28, 2021 12:37:34 AM

It's clearly stated in the alaska statutes via the original formula created by the legislators what the people of alaska should be paid via the dividend so go by the law and follow that. That's been stolen from the people since walker while he was Governor got his fingers into the pfd illegally via special session so the people couldn't vote on it. Pay the people what they're legally owed including all back payments which were stolen. If you as legislators won't follow the law then resign so someone who can follow the law can do the job you're supposed to do. Thanks for taking my comments as a long time Alaskan who has been here before there even was a dividend pay out. Just follow the law. Don't act like you're above the law. I'd also like to thank all the legislators who are standing for the people of alaska and not just for certain special interest groups. The rest of you need to join them. Thanks again.

Keep looking up!!!!

Andy

From: [Sue Stafford](#)
To: [Fiscal Policy](#)
Subject: finances
Date: Wednesday, July 28, 2021 6:35:28 PM

Hello,

Politicians already have too much control of our finances and they often spend it badly. Fund the entire PFD annually in perpetuity for every legitimately eligible Alaskan (objective proof required) and NO taxes, fees or any other term that enables any aspect of the government to take any more of our money. No new government agencies of any sort for any reason. Restore to us in cash our money that went to programs we disagree with such as abortion, non-life threatening health care and the arts. Those politicians who supported those programs can pay us back out of their own funds. They certainly didn't represent us. Unions, the legal system, public education employees and government workers are often notoriously over-compensated via pay and/or benefits and frequently under-worked as compared to those doing similar work in the private sector.

May God guide us,

Susan Stafford

From: [Douglas Hope](#)
To: [Fiscal Policy](#)
Subject: fiscal plan solutions
Date: Wednesday, July 28, 2021 10:26:00 AM

Cap PFD at 1000\$ use excess earnings to fund state services and reinvest in corpus
repeal SB 21 and return to ACES
increase mineral royalties received by State from current 1% to a rate more consistent with the 21 century
Dissolve AIDEA return any remaining corporate funds to States General fund
implement Statewide personal income tax
reduce and cap salaries of Alaska University administrators
separate AMHS from DOT and create a Marine DOT eligible to receive Federal funds but managed by a private Corp. Reduce fleet size and replace older vessels with new ships with EMD propulsion and Caterpillar power plants.
increase funding for AVTEC and incorporate HEADSTART into public school system
eliminate unnecessary State administration jobs created by Gov Dunleavy
return Legislative session to 120 days from current 90 days
move State Capitol to Fairbanks
Support Meade Treadwells proposal to export LNG off of North Slope with ice reenforced hull LNG TANKERS
submitted by
DOUGLAS HOPE [REDACTED] Anchorage Ak. [REDACTED]

From: worcester1@gci.net
To: [Fiscal Policy](#)
Subject: fiscal plan
Date: Wednesday, July 28, 2021 12:19:32 PM

I will be unable to testify at the public hearing on Thursday, and so am submitting my comments here.

I am a 40-year resident of Alaska. I am a retired attorney, having worked in private practice, for the Alaska Department of Law, Oil, Gas and Mining Section, and for ConocoPhillips Alaska (formerly known as ARCO Alaska and Phillips Alaska).

I think the PFD was a mistake that dissipated the Permanent Fund, created an entitlement mentality (which is wholly at odds with the myth of the tough independent Alaskan), and now threatens to usurp the fundamental original purpose of the Fund, which was to provide for sustainable longterm support for state services as oil and gas revenues inevitably decline. We wisely eliminated the "Longevity Bonus" several years ago, and everyone moved on. The same would be the best action for the PFD.

Nonetheless, recognizing that elimination of the PFD, is now politically unlikely, the PFD should at least be minimized, and not put into the Constitution so that it could be phased out in the future as conditions change. Thus, I am adamantly opposed to the Governor's "50/50" proposal. Not only is the amount of the PFD under that proposal way too large generally, it would cause destructive overdraws from the Permanent Fund earnings. Something more like Representative Wool's proposal, which would yield about a \$1,000 dividend, would be much preferable.

Any constitutional amendment should be limited to enshrining the POMV concept for maximum withdrawals from the Fund. Any inclusion of a required PFD amount or formula or budget limit would eliminate the necessary flexibility for future Legislatures to address the unknowable future situations.

While I understand the impetus for the Power Cost Equalization program, it should not be included in the Constitution. Energy markets are in a period of transition, and it is impossible to predict future innovations and costs, let alone long-term demographic changes and long term fiscal conditions. Dedicated funds were generally prohibited in the Alaska Constitution (Article 9, Section 7) for good reasons.

As far as new revenues, if necessary (which it appears would not the case now if the PFD is appropriately constrained), I would favor a sales tax over an income tax for three reasons: (1) everyone pays the tax, and thus has "skin in the game" on the amount of Legislative appropriations (a much better check on spending than a Constitutional budget limit); (2) it is harder to raise the percentage sales tax than an income tax percentage because of political push back (note the difficulty of increasing motor fuel taxes); and (3) a sales tax is (I assume) simpler, easier to implement, and less costly to administer than an income tax.

If an income tax is enacted, I believe it should be based on a percentage of adjusted gross income (as Representative Wool's proposal do) rather than on a percentage of federal tax paid. This is mostly because of the principle stated above: every citizen should have skin in the game, and it is truly tyranny of the majority if 50% of the people compel the top 10% (or less)

to pay the costs of government services. This is also partly because the federal income tax system is a mess, and we cannot count on it becoming simpler or more fair. The only advantages I see in an income tax are that it would create more fairness between C corporations and pass-through businesses, and would capture more tax from non-residents who earn money in Alaska.

Thank you for considering my views.

Mark Worcester



From: [Sean Minder](#)
To: [Fiscal Policy](#)
Subject: Full PFD
Date: Wednesday, July 28, 2021 6:45:25 PM

It's time the people vote. It's clear politicians can't solve this. Put the constitutional amendment before the people of Alaska.!!! Enough of your bureaucratic bullshit.... Quite stalling and give the people of Alaska the opportunity to vote on how the PFD should be handled!

Sincerely,

Sean Minder

[REDACTED]

Wasilla , Alaska, [REDACTED]

[REDACTED]

From: [Michelle Bonham](#)
To: [Fiscal Policy](#)
Subject: Full PFD"s
Date: Wednesday, July 28, 2021 4:16:23 PM

Hello,

This is my letter expressing my wish as a constituent of our great state to fully fund our PFD.

When Walker illegally stole half of it it was wrong, for you to continue to keep it in your pockets instead of rightfully in the residents is still wrong.

Our votes count, do not forget this when you are voting.

Alaskan resident, born & raised,

Michelle Krier

[REDACTED]

[REDACTED]

Nome, AK [REDACTED]

[REDACTED]

From: [Rep. Kevin McCabe](#)
To: [Fiscal Policy](#)
Subject: Fw: PFD for Alaskans
Date: Wednesday, July 28, 2021 1:04:53 PM

From: John Walters [REDACTED]
Sent: Wednesday, July 28, 2021 11:52 AM
To: Rep. Kevin McCabe <Rep.Kevin.McCabe@akleg.gov>
Subject: PFD for Alaskans

Let the people vote. It's clear politicians can't solve this. Put the constitutional amendment before the people of Alaska.

I am a Missionary to Alaska, with a permanent residence in Wasilla, Alaska. I travel to villages to help the Natives and other Missionaries with building projects and help spread the Gospel. I see many alarming places the natives have to live. In villages they tear out floors in the winter for wood in their stoves. Many are elders who do not have the ability to cut wood. The residents need this money to try to survive through the winter. As you already know the food costs in the villages is astronomical. Everything has to be flown in or barged in. This money would assist them in fuel for winter as well as stocking up food and supplies for the winter. My heart goes out to these people. I charge nothing for the labor to help them. God gave me these talents, he did not charge me, I do not charge them.
As a resident the PDF needs to be a permanent part of the State constitution.
Thank you Governor Dunleavy for your concern for the Alaska residents.

Sincerely,

John Walters
[REDACTED]
WASILLA, Alaska, 99654
[REDACTED]

From: [Denise Allen](#)
To: [Fiscal Policy](#)
Date: Wednesday, July 28, 2021 11:15:51 AM

Dear Fiscal Policy Working Group members,

I write to you as an Alaskan concerned with the PFD.

As you deliberate and work to formulate a just PFD for the over 600,000 eligible Alaskans, please remember that 130,000 Alaskans are Senior citizens. Thirty percent (30%) of Senior households have incomes of below \$30,000 per year.

Your recommendation and agreement on the 2021 PFD will have a dramatic effect on those 30,000 plus Seniors, in addition to the many other Alaskans who rely on their PFD for property tax, winter heating bills and general living expenses. To put that into perspective, legislators will be receiving over \$36,000 tax free per diem payments for a mere 4 months of living expenses.

While a few Alaskans may not "need" the PFD, they are certainly entitled to it by the intent of our states founding fathers. So, as you contemplate the amount of this year's PFD, keep in mind the true perspective of how you will be helping the average Alaskan and your Senior constituents. The option to "not file" is always there for those who do not support the PFD.

Rather than recommend an amount, I ask that you "Walk a mile in their shoes" when considering the size of this year's PFD.

Sincerely,
Denise Allen

From: [darrell hotaling](#)
To: [Fiscal Policy](#)
Date: Wednesday, July 28, 2021 8:21:40 AM

Please support putting the PFD in the state constitution with no less than a 50 50 split and using the original formula. Thank You

From: [Dave Nebert](#)
To: [Fiscal Policy](#); [Sen. Scott Kawasaki](#)
Subject: My thoughts on the budget
Date: Wednesday, July 28, 2021 12:04:25 PM

Working Group Committee Members,

I've lived in Alaska since 1969 and have followed legislative actions since I arrived. The idea that the State of Alaska owes its residents an annual payment just to live here is ridiculous. That was not the intent when the Permanent Fund was created...it was to provide for the continued funding of necessary government services long after oil income decreases.

In my view, the creation of the PFD giveaway was a mistake and now is primarily being used as a means for legislators and governors to get reelected. The PFD has been put above everything else in the State budget, including those items required by the constitution, like adequate funding of education.

My advice is to either get rid of the annual PFD payment or make sure it's small enough that it doesn't jeopardize the longevity of the Permanent Fund. Permanent implies that it be PERMANENT.

Thanks, David Nebert, Independent voter in Fairbanks.

From: [Rachel Ries](#)
To: [Fiscal Policy](#)
Subject: PFD - SJR6 and HJR7
Date: Wednesday, July 28, 2021 7:09:34 PM

Hello,

I am writing to support the PFD be protected in the State of Alaska constitution. SJR6 and HR7 have language I think creates loopholes for future misappropriation. However, while I object to some of the form, I wholeheartedly support the intent as presented to the people of Alaska.

The PFD should not be included as a part of any state budgetary items. The intent and creation of the PFD was historically meant to be solely for the purpose of reimbursement for giving up land mineral rights. It is not a hand out of *free* money. The PFD is the direct result of a good faith profit-sharing contract that has continually been bled away from the people to be used as a government bailout.

Bring back responsible governance and a truly balanced budget without the PFD. Return the PFD in its entirety to the people. Remove the safety net of the PFD from politicians who are bleeding this state dry to create top heavy bureaucracies and kowtow to special projects/special interest.

Thank you.

Rachel Ries

Parent, Veteran, Taxpayer, Candidate

Running for Election to City Assembly - Municipality of Anchorage, District 6



WEBSITE: www.RiesForAlaska.com

From: [Sybille Castro-Curry](#)
To: [Fiscal Policy](#)
Subject: PFD
Date: Wednesday, July 28, 2021 6:48:08 AM

please work towards original statue of PFD payout. It's money that belongs to the people.

S.Curry

Nikiski

From: [debra lathrop](#)
To: [Fiscal Policy](#)
Subject: pfd
Date: Wednesday, July 28, 2021 7:47:05 AM

Hi to all and thanks for your efforts.

My two cents is that I would like to see that vital state programs continue to be funded...pls take my PFD before you begin taxing with a sales tax or an income tax.

-debra lathrop



CHEFNOK TRADITIONAL COUNCIL

P.O. BOX 110 Chefnok, Alaska 99561
(907) 867-8850 or (907) 867-2062 Fax (907) 867-8711

Sent Via Email

Alaska Joint Fiscal Plan Working Group
Senator Shelley Hughes Senator.Shelley.Hughes@akleg.gov
Senator Lyman Hoffman Senator.Lyman.Hoffman@akleg.gov
Senator Scott Kawasaki Senator.Scott.Kawasaki@akleg.gov
Senator Jesse Kiehl Senator.Jesse.Kiehl@akleg.gov
Representative Kevin McCabe Representative.Kevin.McCabe@akleg.gov
Representative Ben Carpenter Representative.Ben.Carpenter@akleg.gov
Representative Calvin Schrage Representative.Calvin.Schrage@akleg.gov
Representative Jonathan Kreiss-Tomkins
Representative.Jonathan.Kreiss-Tomkins@akleg.gov

Re: Protecting Power Cost Equalization Program

Dear Legislators,

The Chefnok Traditional Council writes to thank you for taking on the critical task of developing a sustainable fiscal plan for Alaska, and to strongly encourage you to include the Power Cost Equalization (PCE) program as part of that plan.

PCE is not a subsidy for rural Alaska. Rather, it was established in 1984 by the Alaska State Legislature to equalize the inequitable subsidization of energy development that occurred decades ago in urban parts of the state. Energy has remained relatively affordable for urban consumers because of the major hydro projects and interties for which the entire state paid. PCE, in turn, has helped keep costs down for rural communities. Without it, as we have seen since July 1, the price of power in rural Alaska rises dramatically.

As reported by Alaska Public Media, without this equalization, residents of rural regions will soon see their power bills rise by as much as \$100 a month. Others could see their bills double or triple. This increase would be considered unacceptable in any urban region of the state, and rural Alaska should not be treated differently.

Neglecting to protect the PCE endowment will cause disproportionate harm to rural Alaskans.

Affordable energy is essential to the survival of Alaska's rural, Native communities through continual economic swings, particularly now as Alaska climbs out of the coronavirus pandemic.

It is your Constitutional responsibility as legislators to ensure that all Alaskans are treated equally by the state government. Preserving the PCE program and its endowment must be a part of Alaska's long-term budget solution, in addition to reimbursing the credits that were not paid during this impasse. Whatever the sustainable, long-term plan looks like, PCE must be a part of the picture to ensure equitable treatment for our residents no matter where they live.

We greatly appreciate the work you are undertaking on behalf of our great state. Chefnok Traditional Council respectfully asks that you keep rural families, communities, and businesses in mind as you plan for Alaska's future.

Sincerely,

Dora T Mathew, Tribal Administrator



July 28, 2021

Alaska Joint Fiscal Plan Working Group
Senator Shelley Hughes
Senator Lyman Hoffman
Senator Scott Kawasaki
Senator Jesse Kiehl
Representative Kevin McCabe
Representative Ben Carpenter
Representative Calvin Schrage
Representative Jonathan Kreiss-Tomkins

Re: Protecting Power Cost Equalization Program

Dear Legislators,

The Ouzinkie Native Corporation writes to thank you for taking on the critical task of developing a sustainable fiscal plan for Alaska, and to strongly encourage you to include the Power Cost Equalization (PCE) program as part of that plan.

PCE is not a subsidy for rural Alaska. Rather, it was established in 1984 by the Alaska State Legislature to equalize the inequitable subsidization of energy development that occurred decades ago in urban parts of the state. Energy has remained relatively affordable for urban consumers because of the major hydro projects and interties for which the entire state paid. PCE, in turn, has helped keep costs down for rural communities. Without it, as we have seen since July 1, the price of power in rural Alaska rises dramatically.

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Neglecting to protect the PCE endowment will cause disproportionate harm to rural Alaskans. Affordable energy is essential to the survival of Alaska's rural, Native communities through continual economic swings, particularly now as Alaska climbs out of the coronavirus pandemic.

It is your Constitutional responsibility as legislators to ensure that all Alaskans are treated equally by the state government. Preserving the PCE program and its endowment must be a part of Alaska's long-term budget solution, in addition to reimbursing the credits that were not paid during this impasse. Whatever the sustainable, long-term plan looks like, PCE must be a part of the picture to ensure equitable treatment for our residents no matter where they live.



We greatly appreciate the work you are undertaking on behalf of our great state. Ouzinkie Native Corporation respectfully asks that you keep rural families, communities, and businesses in mind as you plan for Alaska's future.

Sincerely,

A handwritten signature in blue ink, appearing to read "L. Skonberg", is written over a faint, light blue circular watermark.

Lorena Skonberg, Chair
Ouzinkie Native Corporation



KAWERAK, INC.

Tungwenuk Family Qupak Design, used with permission

July 28, 2021

REPRESENTING

Brevig Mission

Sitaisaq

Council

Akauchak

Diomedea

Injaliaq

Elim

Neviarcuarluk

Gambell

Sivuqaq

Golovin

Chinik

King Island

Ugiuvak

Koyuk

Kuuyuk

Mary's Igloo

Iglaruk

Nome Eskimo

Sitnasuami Inuit

Savoonga

Sivungaq

Shaktolik

Saktulik

Shishmaref

Kigiqtaq

Solomon

Anuutaq

St. Michael

Taciq

Stebbins

Tapraq

Teller

Tupqaqruk

Unalakleet

Uqalaqtiq

Wales

Kinjigin

White Mountain

Natchigvik

Sent Via Email

Alaska Joint Fiscal Plan Working Group

Senator Shelley Hughes

Senator Lyman Hoffman

Senator Scott Kawasaki

Senator Jesse Kiehl

Representative Kevin McCabe

Representative Ben Carpenter

Representative Calvin Schrage

Representative Jonathan Kreiss-Tomkins

Re: Protecting Power Cost Equalization Program

Dear Legislators,

Kawerak Inc. writes to thank you for taking on the critical task of developing a sustainable fiscal plan for Alaska, and to strongly encourage you to include the Power Cost Equalization (PCE) program as part of that plan.

PCE is not a subsidy for rural Alaska. Rather, it was established in 1984 by the Alaska State Legislature to equalize the inequitable subsidization of energy development that occurred decades ago in urban parts of the state. Energy has remained relatively affordable for urban consumers because of the major hydro projects and interties for which the entire state paid. PCE, in turn, has helped keep costs down for rural communities. Without it, as we have seen since July 1, the price of power in rural Alaska rises dramatically.

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Neglecting to protect the PCE endowment will cause disproportionate harm to rural Alaskans. Affordable energy is essential to the survival of Alaska's rural, Native communities through continual economic swings, particularly now as Alaska climbs out of the coronavirus pandemic.

It is your Constitutional responsibility as legislators to ensure that all Alaskans are treated equally by the state government. Preserving the PCE program and its endowment must be a part of Alaska's long-term budget solution, in addition to reimbursing the credits that were not paid during this impasse. Whatever the sustainable, long-term plan looks like,

KAWERAK, INC.

PO Box 948 • Nome Alaska 99762 • 907.443.5231 • www.kawerak.org

Advancing the capacity of our people and tribes for the benefit of the region.

PCE must be a part of the picture to ensure equitable treatment for our residents no matter where they live.

We greatly appreciate the work you are undertaking on behalf of our great state. Kawerak Inc. respectfully asks that you keep rural families, communities, and businesses in mind as you plan for Alaska's future.

Sincerely,

Melanie Bahnke

Melanie Bahnke
President
Kawerak, Inc.

KAWERAK, INC.

PO Box 948 • Nome Alaska 99762 • 907.443.5231 • www.kawerak.org

Advancing the capacity of our people and tribes for the benefit of the region.

ASSOCIATION OF VILLAGE COUNCIL PRESIDENTS

Thaddeus Tikiun Jr., Chairperson | Vivian Korthuis, CEO | AVCP.org



Administration

101 A Main St., PO Box 219, Bethel, AK 99559 | T 907.543.7300

July 28, 2021

Sent Via Email

Alaska Joint Fiscal Plan Working Group:

Senator Shelley Hughes
Senator Lyman Hoffman
Senator Scott Kawasaki
Senator Jesse Kiehl
Representative Kevin McCabe
Representative Ben Carpenter
Representative Calvin Schrage
Representative Jonathan Kreiss-Tomkins

Re: Protecting Power Cost Equalization Program

Dear Legislators,

The Association of Village Council Presidents writes to thank you for taking on the critical task of developing a sustainable fiscal plan for Alaska, and to strongly encourage you to include the Power Cost Equalization (PCE) program as part of that plan.

PCE is not a subsidy for rural Alaska. Rather, it was established in 1984 by the Alaska State Legislature to equalize the inequitable subsidization of energy development that occurred decades ago in urban parts of the state. Energy has remained relatively affordable for urban consumers because of the major hydro projects and interties for which the entire state paid. PCE, in turn, has helped keep costs down for rural communities. Without it, as we have seen since July 1, the price of power in rural Alaska rises dramatically.

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Neglecting to protect the PCE endowment will cause disproportionate harm to rural Alaskans.

Nunaput umyuallgutkut pinirluteng-Ilu, Tegganerput qigcikliki pirkakluki-Ilu, ayagyuaput-Ilu ciuliqagcimaut yuuyarakun.

Our Tribes are united and strong, our Elders are respected and valued, and our youth are guided by Yuuyaraq.

Akiachak, Akiak, Alakanuk, Andreafski, Aniak, Alnautluak, Bethel, Bill Moore's Sl., Chefomak, Chevak, Chuathbaluk, Chuloonawick, Crooked Creek, Eek, Emmonak, Georgetown, Goodnews Bay, Hamilton, Hooper Bay, Lower Kalskag, Upper Kalskag, Kasigluk, Kipnuk, Kongiganak, Kotlik, Kwethluk, Kwigillingok, Lime Village, Marshall, Mekoryuk, Mtn. Village, Napaimute, Napakiak, Napaskiak, Newtok, Nighthute, Nunakauyak, Nunam Iqua, Nunapitchuk, Ohogamiut, Oscarville, Paimiut, Pilot Station, Pitka's Point, Platinum, Quinhagak, Red Devil, Russian Mission, Scammon Bay, Sleetmute, St. Mary's, Stony River, Tuluksak, Tuntutuliak, Tununak, Umkumiut

Affordable energy is essential to the survival of Alaska's rural, Native communities through continual economic swings, particularly now as Alaska climbs out of the coronavirus pandemic.

It is your Constitutional responsibility as legislators to ensure that all Alaskans are treated equally by the state government. Preserving the PCE program and its endowment must be a part of Alaska's long-term budget solution, in addition to reimbursing the credits that were not paid during this impasse. Whatever the sustainable, long-term plan looks like, PCE must be a part of the picture to ensure equitable treatment for our residents no matter where they live.

We greatly appreciate the work you are undertaking on behalf of our great state. Association of Village Council Presidents respectfully asks that you keep rural families, communities, and businesses in mind as you plan for Alaska's future.

Sincerely,

ASSOCIATION OF VILLAGE COUNCIL PRESIDENTS

A handwritten signature in cursive script, appearing to read "Vivian Korthuis".

Vivian Korthuis,
Chief Executive Officer



Newtok Village Council
P.O. Box 5596
Newtok, AK 99559

Mertarvik Community

Phone (907)237-2202

July 28, 2021

Sent Via Email

Alaska Joint Fiscal Plan Working Group

Senator Shelly Hughes

Senator Lyman Hoffman

Senator Scott Kawasaki

Senator Jesse Kiehl

Representative Kevin McCabe

Representative Ben Carpenter

Representative Calvin Schrage

Representative Jonathan Kreiss-Tomkins

Re: Protecting Power Cost Equalization Program

Dear Legislators,

The Newtok Village Council writes to thank you for taking on the critical task of developing a sustainable fiscal plan for Alaska, and to strongly encourage you to include the Power Cost Equalization (PCE) program as part of that plan.

PCE is not a subsidy for rural Alaska. Rather, it was established in 1984 by the Alaska State Legislature to equalize the inequitable subsidization of energy development that occurred decades ago in urban parts of the state. Energy has remained relatively affordable for urban consumers because of the major hydro projects and interties for which the entire state paid. PCE, in turn, has helped keep costs down for rural communities. Without it, as we have seen since July 1, the price of power in rural Alaska rises dramatically.

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It is your Constitutional responsibility as legislators to ensure that all Alaskans are treated equally by the state government. Preserving the PCE program and its endowment must be a part of Alaska's long-term budget solution, in addition to reimbursing the credits that were not paid during this impasse. Whatever the sustainable, long-term plan looks like, PCE must be a part of the picture to ensure equitable treatment for our residents no matter where they live.

We greatly appreciate the work you undertaking on behalf of our great state. Newtok Village Council respectfully asks that you keep rural families, communities, and businesses in mind as you plan for Alaska's future.

Sincerely,



Phillip Carl, Vice President, Acting Administrator

Michael A. Spindler

[REDACTED]
Fairbanks, [REDACTED]

July 28, 2021

Dear Representatives and Senators:

PFD.

I DO NOT want a maximum permanent fund dividend. I would be happy with a PFD capped at \$1000, similar to the level of recent years. I would like to see a balanced budget that provides for essential state services and activities. I DO NOT want to see some people's desires for a larger PFD result in more budget cuts because the Legislature and the Governor have already cut so much in recent years. I want to help us afford the important State services and investments by seeing a reduced Permanent Fund Dividend and/or paying my fair share of a state tax.

ESSENTIAL STATE SERVICES.

In my opinion priority essential State services that you must maintain include:

University of Alaska – Don't cut them anymore. They have endured enough cuts.

K-12 education – keep forward-funding two years at a time.

Head Start Early childhood education.

Medicaid – This has become more important due to the Pandemic. Our less fortunate folks must be able to receive medical and dental care, and NOT have to go to the emergency room, which increases costs to the rest of us in AK.

Alaska Marine Highway – You have cut this too much. Restore it to a level that provides reliable summer and winter service in SE AK. It used to be, and should once again be a major tourist avenue and the backbone of transportation for our SE AK residents.

Major Highway Maintenance – The Dalton, Richardson, and Al-Can highways will see more use in the future as tourism increases and mining companies will start to haul ore from places like Ambler, Tetlin/Tok, and elsewhere. These roads are already in bad shape because of your prior cuts. Let the DOT do their job and get these roads back into shape, or our infrastructure will not be able to support the good economy that we all seek.

Alaska State Parks – You have cut the Parks so much in recent years that conditions have become embarrassing to our state. Picnic tables are rotting, parking areas and roads are potholed and littered. Vandalism is rampant because of insufficient patrolling. The Park rangers and staff are doing what they can but are overwhelmed because there are too few staff and not enough funds for them to do their job. Some hiking trails have become impassable. The need for Parks has increased immensely due to the Pandemic.

Alaska Long Trail – Restore the funding that Dunleavy vetoed. To be cutting Parks and future outdoor trail endeavors is to cut the future potential of Alaska to continue to be a much sought-after tourist destination.

Alaska Public Broadcasting Commission – restore the funding that was vetoed by the Governor. Public broadcasting weaves all of our far-flung communities together through common understanding of news and emergency notifications and reaches all who do not have access to commercial radio, TV, and cable/internet services.

Power Cost Equalization - I lived in bush AK village half my life and have first-hand experience about its importance to rural Alaskans. This should not be an annual political football. Fix the problem with a law that enshrines the reverse sweep so it is not disrupted. Do not merge the PCE endowment with the Permanent Fund. They have two different purposes.

ADD REVENUE

PLEASE TAX ME! Even though I am retired and I live on a fixed income, I'm willing to pay my fair share of sales or income taxes rather than see more of the huge cuts Governor Dunleavy has proposed in past years, many of which the Legislature has approved. I have bills to pay and I must budget carefully. But I also care deeply about our state - I went to college, raised a family; worked my whole adult life here, and have chosen to retire here. I helped build up our young state. If you do not plan for the future to maintain and improve our "hard" and "soft" infrastructure I fear we will start to see the disintegration of much of everything that many of us have worked towards for our whole lives. Many bright students will leave to attend college elsewhere, and it's unlikely they will return. New young people won't want to move here. Seniors like me will choose to retire elsewhere. The poorest, disabled, and seniors who remain, the "Pioneers" who built the state - will suffer needlessly.

I was here when the Trans-Alaska Pipeline got built, and even worked alongside a portion of that project, at Galbraith Lake. Back in the 1970's I shook Governor Hammond's hand, and clearly understand why he and others founded the permanent fund — and that was mainly to pay for important State government services when the oil money dwindles. Jay Hammond, and the others, did not intend the permanent fund dividend to be a handout for individuals *above all else*, as some Legislators and the Governor say. I lived in Fairbanks during the Permanent Fund establishment and during debates about the PFD and I *know* that it was meant to engage Alaskans into

monitoring how the Permanent Fund was invested, saved, and spent. The PFD was *never* meant to rob from and degrade from the bright future those leaders envisioned.

Beside a broad-based income, or sales tax, you must include other revenues, such as fair taxation to oil and mining companies. Taxation of mineral extraction profits and royalties must be scrutinized, especially in light of recent proposals to do significant ore-hauling on our crumbling public highways (e.g. Kinross Tetlin to Fairbanks, and Ambler Road via Dalton Hwy).

CONSTITUTION

Pass a law that amends prior PFD legislation, but don't seek a constitutional amendment. A solid law that defines the POMV withdrawal and a formula allocating proportion to State budget and proportion to PFD is adequate. Timely resolution of this issue is important; the longer you argue and delay, the worse it will become in future years. The Constitutional amendment process creates additional political complexity and delays. Plus, none of us can see so clearly into the future that this should be locked into the Constitution.

Thank you for your consideration.

Michael A. Spindler

Fairbanks, AK

July 28, 2021

Written Public Testimony for filing
with Comprehensive Fiscal Plan Working Group

145,000 Alaskans (More Now) Have An Agenda Item For the Governor and the Legislature—It Will Help Alaska's Economy

This commentary is addressed to Alaska's business owners, small, medium and large, who are wondering why Alaska is in a financial crisis when the price of oil is in the \$60 to \$70 a barrel range. It is for Alaskans in general, who may feel that our state has been going through a ground hog day experience, year after year, after our legislature refuses to deal with fixing our commonly owned legacy oil field fiscal policies. The three major fields are Prudhoe Bay (hereafter referred to as PBU), Kuparuk, and Alpine/Colville River. And this commentary is also addressed to Alaska's news media, which at times have noted that their staff have been locked out of the Capitol, and unable to find legislators willing to explain why they are ignoring core issues associated with resolving our financial crisis. If there ever was a time to rethink the "light" hands off coverage, by TV and radio stations, and newspapers, both public and private, relating to getting our legacy oil fiscal policies corrected to benefit both producers and Alaskans, it is now, with the special session next month.

Alaskans have a wonderful opportunity to continue the conversations we started with the Alaska's Fair Share Act. We need to remember the industry spent \$25 million (more than has ever been spent opposing any state candidate or ballot initiative) to protect their shareholder or owner's interests. They hired top flight PR firms and flooded social media, TV, radio, and other messaging outlets to explain why they preferred not to share a little more revenue with Alaskans. Knowing that publicity paid for by the industry, as buyers of our oil, is focused on the oil industry's interests, not those of Alaskans, as sellers of oil, and to provide Alaskans with some balance against that \$25 million, to help Alaskans understand their side of these issues, and for publicity about Ballot Measure 1's issues, our legislature allocated—zero dollars. Even then, more than 145,000 Alaskans or 42% of those voting in the last election (during the Covid-19 pandemic) supported increasing revenues to the State by

transparently increasing Alaskans' share of production revenues from our legacy oil fields. And still, some legislators and others have the mendacity to ignore their own complicity in the outcome, by saying Alaskans don't support increasing revenues to the State, because "only 42%" voted yes for Ballot Measure 1's changes—in 2020's pandemic price crash year. Today, with Covid waning and oil prices increasing, more than half of Alaskan voters would vote in favor of Ballot Measure 1's adjustments. And, to be direct, Alaskan's support increasing revenues from our oil far more than the alternatives being discussed in Juneau—reducing pfd's, passing an income tax, or passing a statewide sales tax.

The Alaska's Fair Share Initiative became Ballot Measure 1. Ballot Measure 1 tried to (1) end barrel credits on just these three legacy oil fields which Alaskans own in common; (2) limit deductions to the costs of producing oil from these three legacy fields; (3); increase production tax rates modestly to less than the average tax for the past three decades; and (4) increase transparency so Alaskans would know how our legacy fields were performing. These were good concepts at \$40 per barrel oil and are great concepts at \$60 to \$70 per barrel oil.

Even Joe Marushack, recent former president of ConocoPhillips Alaska, told legislators, businesspeople, and Alaskans, last October 2020, when oil prices were close to \$40, about what would happen if Ballot Measure 1 passed: it "would not effect" regular operations at these three legacy fields. (Once again, our oil prices are now well above \$60, and have been above \$70 since early June. This is not irrelevant to the value of our oil, and producers' ability to share a little more with Alaska's economy.)

No legislator, Democrat or Republican, or the governor, should continue to ignore the truths of Alaskan oil production:

- Our three major fields are low cost fields. The Department of Revenue reports the costs associated with producing oil from the Prudhoe Bay Unit (PBU) and transporting it to the West Coast are \$25-\$28 per barrel.
- Decreasing our revenues from the PBU resulted in less capital being invested in the PBU, fewer jobs, and less revenue to Alaska.

— Increasing our revenues from the PBU would result in no effect to the operation of the PBU and increased revenue to Alaska.

Despite these facts, Alaska is now getting less than half of the value of our oil compared with other major oil producing states—12.5% in royalties compared with 25% for other states and 4% in production taxes compared with 10% for other states.

Legislators must be part of the solution here. But for over six years, they have been the problem. Because they, for very strange reasons, seem to think it makes sense to join some sort of coalition and agree to hide things from Alaskan businesses, seniors, teachers, parents and average Alaskans, when it comes to having access to our legislative process to hold hearings and consider highly relevant data which would have helped restore some of the revenues we lost with SB 21. This hurts business interests. It hurts Alaska's economy. It hurts our credit rating. Keeping Alaskans in the dark about these matters is bad for business. It is bad for teachers, parents and schools, too. Let your legislator know you will not be voting for them unless they increase transparency and production revenues from our oil this year. Our current fiscal policy is seven years old. And after seven years, Alaskans know the current system is not working.

Anyone in business requires transparency and fair pricing. In fact, the Alaska constitution requires the legislature to optimize the value of our resources. This constitutional duty may not be met without transparency. Pass legislation to allow Alaskans and their legislators and the governor to know how the state's oil fields are actually performing. The time is long overdue for greater transparency.

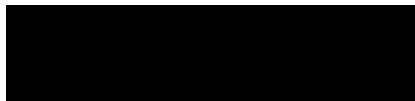
Our legislators, and other groups falsely claiming to be impartial, have not even provided Alaskans one full day of public hearings about Ballot Measure 1. The people who have researched these issues are available and their ideas should be considered. They can be interviewed by reporters and legislators. The Alaska Fair Share website is still up, with all of the data explaining why Alaska needs to address these issues. So,

when some legislator claims to be just shocked about the governor's vetoes, or the size of the PFD, just remind them to look in the closest mirror to locate the reasons for those circumstances. And ask them, "why are you continuing to give our oil away to out of state companies for less than it is worth when Alaska is in crisis?"

We need better management of our oil wealth. We all share ownership of these legacy fields, which continue to produce billions of dollars of wealth, annually. Managing how this wealth is shared is one of the most important responsibilities for Alaskans. Tell your legislators you are tired of their continual evasion, and that you want transparency and a fair price for our oil.

Just eliminating the barrel credits for Prudhoe Bay is the low hanging fruit. No credible expert is telling the governor, legislators or the public that this should continue to be part of our PBU fiscal policy. Just the opposite. It should be eliminated for our three largest legacy oil fields.

David Carter is a retired attorney who lives in Anchorage. He was and remains a supporter of the Ballot Measure 1 changes. And he believes we need more transparency from our elected representatives and our government.



NATIVE VILLAGE OF MEKORYUK

Tribal Council

P.O. Box 66 • 100 Chase Road • Mekoryuk, Alaska 99630

Phone: (907) 827-8828 • Fax: (907) 827-8133

July 28, 2021

Sent Via Email

Alaska Joint Fiscal Plan Working Group

Senator Shelley Hughes

Senator Lyman Hoffman

Senator Scott Kawasaki

Senator Jesse Kiehl

Representative Kevin McCabe

Representative Ben Carpenter

Representative Calvin Schrage

Representative Jonathan Kreiss-Tomkins

Re: Protecting Power Cost Equalization Program

Dear Legislators,

The Native Village of Mekoryuk writes to thank you for taking on the critical task of developing a sustainable fiscal plan for Alaska, and to strongly encourage you to include the Power Cost Equalization (PCE) program as part of that plan.

PCE is not a subsidy for rural Alaska. Rather, it was established in 1984 by the Alaska State Legislature to equalize the inequitable subsidization of energy development that occurred decades ago in urban parts of the state. Energy has remained relatively affordable for urban consumers because of the major hydro projects and interties for which the entire state paid. PCE, in turn, has helped keep costs down for rural communities. Without it, as we have seen since July 1, the price of power in rural Alaska rises dramatically.

PAST PRESIDENTS

Moses Nayiruk • Peter Smith, Sr. • Tom Dototmain • Jesse Moses • Walter Amos • George K. Whitman, Sr. • Edward J. Shavings, Sr. • George King, Sr.
Henry J. Shavings, Sr. • Joseph David, Sr. • Jerry David, Sr. • Fred Don • Howard T. Amos • Samson Weston • Hultman I. Kiokun • Tom Amos
Solomon Williams • Daniel T. Orlun, Sr. • Albert R. Williams

Without this equalization, residents of Mekoryuk will soon see their power bills double or triple. This increase would be considered unacceptable in any urban region of the state, and rural Alaska should not be treated differently.

Neglecting to protect the PCE endowment will cause disproportionate harm to rural Alaskans. Affordable energy is essential to the survival of Alaska's rural, Native communities through continual economic swings, particularly now as Alaska climbs out of the coronavirus pandemic.

It is your Constitutional responsibility as legislators to ensure that all Alaskans are treated equally by state government. Preserving the PCE program and its endowment must be a part of Alaska's long-term budget solution, in addition to reimbursing the credits that were not paid during this impasse. Whatever the sustainable, long-term plan looks like, PCE must be a part of the picture to ensure equitable treatment for our residents no matter where they live.

We greatly appreciate the work you are undertaking on behalf of our great state. Native Village of Mekoryuk respectfully asks that you keep rural families, communities, and businesses in mind as you plan for Alaska's future.

Sincerely,



Steven Whitman

Vice President/Acting Executive Director

Native Village of Mekoryuk

Native Village of Bill Moore's Slough
P.O. Box 20288
Kotlik, AK 99620
Office 907-899-4232/Email bms99620@gmail.com

July 28, 2021

Sent Via Email

Alaska Joint Fiscal Plan Working Group

Senator Shelley Hughes
Senator Lyman Hoffman
Senator Scott Kawasaki
Senator Jesse Kiehl
Representative Kevin McCabe
Representative Ben Carpenter
Representative Calvin Schrage
Representative Jonathan Kreiss-Tomkins

Re: Protecting Power Cost Equalization Program

Dear Legislators,

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PCE is not a subsidy for rural Alaska. Rather, it was established in 1984 by the Alaska State Legislature to equalize the inequitable subsidization of energy development that occurred decades ago in urban parts of the state. Energy has remained relatively affordable for urban consumers because of the major hydro projects and interties for which the entire state paid. PCE, in turn, has helped keep costs down for rural communities. Without it, as we have seen since July 1, the price of power in rural Alaska rises dramatically.

As reported by Alaska Public Media, without this equalization, residents of rural regions will soon see their power bills rise by as much as \$100 a month. Others could see their bills double or triple. This increase would be considered unacceptable in any urban region of the state, and rural Alaska should not be treated differently.

Neglecting to protect the PCE endowment will cause disproportionate harm to rural Alaskans. Affordable energy is essential to the survival of Alaska's rural, Native communities through continual economic swings, particularly now as Alaska climbs out of the coronavirus pandemic.

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Sincerely,

A handwritten signature in blue ink, appearing to read 'Wayne A. Okitkun', with a long, sweeping horizontal line extending to the right.

Wayne A. Okitkun
President of Native Village of Bill Moore's Slough

From: [Mary Ver Hoef](#)
To: [Fiscal Policy](#); [Sen. Scott Kawasaki](#)
Subject: Public Testimony on Comprehensive Fiscal Plan
Date: Wednesday, July 28, 2021 2:21:27 PM

Dear Alaska State Legislators:

I am writing today from my home in Fairbanks in support of a three-prong approach to a sustainable Alaska fiscal plan:

1. Cap the PFD at \$500 to \$700 per year: if earnings are less, then pay less, but don't pay more. Instead re-invest any extra funds into the PF or put them into the rural energy cost offset fund that serves lower-cash-income Alaskans or into a state building maintenance fund.
2. Re-instate a modest Alaska State Income tax. This is for all Alaskans, and also to tap the non-resident workers in Alaska who use our infrastructure and services but don't contribute to it's cost. I remember paying Alaska Income Tax in the 1970s; we must diversify our state income beyond oil. And if Alaskans are paying into state funds we will all be more involved in the decisions of how our budget is spent; more "skin in the game" of sorts.
3. Restructure the Oil Tax Credits: there is NO reason we should be paying oil companies to take our rich resources. Oil will always be valuable, and Alaska is a favored location for these large companies because of our existing infrastructure. We don't need to worry about oil companies going elsewhere - and they can pay more than they currently do and still do fine financially. The State of Alaska needs to get a better deal on these oil taxes and not get burned on credits.

Thank you for your work on this important committee.

Sincerely,
Mary Ver Hoef
Fairbanks, Alaska
(resident since 1971)

From: [Mike Coons](#)
To: [Fiscal Policy](#)
Subject: Public testimony
Date: Wednesday, July 28, 2021 1:27:40 PM

My name is Mike Coons from Palmer and speaking for myself.

Senator Hoffman said on the opening day of the Joint Fiscal Plan Working Group that once this is worked on and a decision is agreed to that we must accept the outcome. For the past 3 weeks no attempt has been made to come up with a bill or support of a bill, zero, zip! I do support fully SJR6 since that has had solid hearings in the Senate State Affairs and Judiciary Committees.

Minority Leader Tilton took a great gamble in calling for this working group, in hopes to avert further degrading of our State into the abyss. I applaud her courage for doing so. Sadly, from how this working group has been run, Cathy's vision was never a consideration by the left, specifically the House leftist/socialists! Speaker Stutes may or may not have agreed with Cathy on this to come to an agreement, my view is Speaker Stutes had no intentions of an amicable agreement!

My conclusion is based on meetings of only twice a week then three this week. Filled with testimony that you as legislators already know and those of us whom tune in already know. I believe this was done on purpose to slow roll this, just like this has been slow rolled since the start of the 2021 sessions. Only one amendment has been discussed, Rep Wool's, a double taxation scam on all Alaskans, stealing the PFD and a tax. Like Senator Hughes said a \$2,500 tax on the PFD, not counting the income tax proposal!

The leaders of this group by their actions have shown they have no real desire to fix the PFD. It will be interesting to see what happens Monday! I'm betting that history will repeat itself and we Alaskans will continue getting the shaft!

Mike Coons

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Using Opera's mail client:

[https://urldefense.com/v3/___http://www.opera.com/mail/___:!!LdQKC6s!bAAkwEyffRr5GnKqC3eYwjJhLGWAgy6bk9SW5ID3GJ4FBj0V_QeAjA05tAUDdFHBjJAJw\\$](https://urldefense.com/v3/___http://www.opera.com/mail/___:!!LdQKC6s!bAAkwEyffRr5GnKqC3eYwjJhLGWAgy6bk9SW5ID3GJ4FBj0V_QeAjA05tAUDdFHBjJAJw$)

From: [Michael Dale](#)
To: [Fiscal Policy](#)
Subject: Public testimony
Date: Wednesday, July 28, 2021 9:48:55 AM

As I am unable to attend any of the public testimony meetings in person, I am sending in my stance on the handling of the PFD. Jay Hammond set this up to be of a benefit for the Alaskan citizens and a way to pay for government. It worked well under that system until someone on the government side decided that they can take more from the citizens and fund pet projects.

All of you were elected to represent citizens, not corporations or yourselves. We placed you in a position to do the right thing for us and for quite a while now, you have failed to do so. I list what I think should be done below:

- (1) Repeal of SB 26 (found in Chapter 16 SLA 18);
- (2) Retention of the traditional statutory PFD formula laws;
- (3) Retention of the ERA so as to allow any unencumbered amounts AFTER PFD distribution and matching revenue for state government;
- (4) and putting the PCE program into this amended SJR6.

If you can't do this, place this on the ballot and let Alaskan citizens make the decision. This should be placed in the state constitution so that this argument can permanently go away instead of being the focus of partisan politics each year.

Thank you for your time and consideration of my ideas.

Michael Dale
Big Lake

--

Michael Dale



From: [Debra Fannin](#)
To: [Fiscal Policy](#)
Subject: RE: Permanent Fund
Date: Wednesday, July 28, 2021 10:15:29 PM

Follow Alaska law and fund the full statutory dividend in 2021 and beyond. Reimburse us for the money you have already stolen from us when we needed it the most. Audit every single city that has received funds during the Covid period for misappropriation of funds. Live within your budget and correct your priorities. Affordable housing, food, heating costs, commuting costs. Care of the elderly, veterans, working poor. Stop funding your pet projects and agendas on the backs of the Alaskan people.

Respectfully,

Debra Fannin

[REDACTED]

Houston, AK 99694

[REDACTED]

From: [Steven Swedenburg](#)
To: [Fiscal Policy](#)
Subject: Restoring the PFD.
Date: Wednesday, July 28, 2021 5:23:22 PM

Greetings:

Re: the COMPREHENSIVE FISCAL PLAN WORKING GROUP, Constitutional Amendment on the PFD.

I do expect a full PFD and back pay.

I also support making SJR6 law.

Sincerely:
Steven Swedenburg



Wasilla, AK. 99687

From: [Scott K. Smith](#)
To: [Fiscal Policy](#)
Subject: Save The Fund
Date: Wednesday, July 28, 2021 9:29:47 AM

To Whom It May Concern:

I write this email due to deep concerns about a potential overdraw of the Permanent Fund to pay a super sized dividend. The PF is now the largest revenue source for Alaska. Cuts to services are hitting citizens directly via reduced services and higher taxes.

If reason prevails, Alaskans may still enjoy a smaller dividend and maintain important services provided by state government. My hope is that reality will set in and save the PF from slowly disappearing.

Leaders make tough decisions that are often unpopular. Please lead.

Regards.

Scott K. Smith
Vice President
Kodiak Island Broadcasting

Sent from my iPad

From: [Pat and Greg Hayward](#)
To: [Fiscal Policy](#)
Subject: state budget and PFD
Date: Wednesday, July 28, 2021 10:24:46 AM

I am unable to testify at the state sessions but here are a few of my brief thought regarding the state budget and PFD as the legislature prepares to make decisions regarding these issues:

--the PFD distribution should NOT be cemented in a constitutional amendment. Flexibility is required.

--as a middle-class member of society, I do not need a PFD. I will gladly give mine up for increased services in the state. Most others in my income bracket and higher use them for toys or vacations, not necessarily spent in AK. I realize many residents do count on the PFD. Can it be distributed on a sliding scale? If the money was used instead on free in-state tuition for college, for example, lower income brackets might benefit even more than a straight check.

--As a state far removed from the rest of the country, minimal government cannot work. We have a high need for medical and mental health care, homeless populations that must be cared for, a high need for better education from pre-K through college, and many others. We also have unique expenses such as the Marine Highway and Energy Supplement programs that are vital to our state. These programs absolutely require state government support. An income tax with a high lower starting level and a steep progressive curve is necessary. (Our household income is just over \$100k. We WELCOME the chance to support our state and our less fortunate fellow residents.)

Thank you,
Patricia H Hayward

[REDACTED]
Anchorage, AK 99504
[REDACTED]

From: [Whitelos](#)
To: [Fiscal Policy](#)
Subject: state budget input
Date: Wednesday, July 28, 2021 11:56:44 PM

Thank you for the bipartisan committee that has as it's goal to create a good budget plan that can work. Everyone gets something they want but no one can get everything they want. :)

- 1) I came to Alaska in the 70's BEFORE THE PFD and paid Alaskan state income tax with my very first real job at the Bureau of Land Management. Paying income tax didn't seem to hurt me a bit.
- 2) I have a good job as a teacher now and I don't need the PFD. It was a gift during the years that oil was plentiful. I have researched the TAP and we are now down to the oil that does not flow easily through the pipeline and causes transport issues. Oil WILL run out sooner or later.
- 3) I don't mind an income tax. Nothing comes for free.
- 4) Raising revenue - Diversify economy away from oil but sustainably- fishing, tourism, transportation, ice free ports, Alaska ferry, renewable energy installation like wind and solar which has been started in Alaska, healthcare, agriculture with the warming climate
Extractive industries like logging, and mining tend to not complement the above industries. Extractive industries do not promote sustainability.

Revenue Ideas- I heard Senator Hughes say she wanted to charge medical providers a fee to have medicaid patients. Isn't this contradictory because medical providers already DON'T WANT to take medicaid patients because the reimbursement is low and charging them fee would only further erode the neediest of patients ability to access care?

Sincerely,

Janet Balice
Nome and Anchorage, Alaska



From: [Bruce Chambers](#)
To: [Fiscal Policy](#); [Chambers Commercial Real Estate](#)
Subject: State Economy
Date: Wednesday, July 28, 2021 10:08:56 AM

The issue with the decline of economics in the State of Alaska is solely based on "Lack of Jobs". With a dozen resource extraction permits stacked up in the DOI (Department of the Interior) I spoke to the local MMS (MIneral Management Feds) about the situation. They replied "we are not allowed to work on those permits".

When I asked about progress reports they all laughed in my face. Then I asked whether DOI just "round filed (trash)" all of Alaska's permits and they broke into uncontrollable laughter.

It seems pretty obvious that the DOI has no intent to provide any resource extraction permits to the State.

Interesting side stories:

1. When asked as to what environmental controls China was placing on resource extraction permits the DOI said "they had no idea". So while making demands of Alaska they completely ignore the rape of the environment by China (where we currently get out resources)

2. When Permits are issued we then receive numerous environmental lawsuits. The worst offender and financial backer is the "Sierra Club" based in California. However, the City of Los Angeles is 500% of the maximum air quality allowed by the EPA. Penalty is \$5 million per day. No lawsuits filed by the Sierra Club on the dirtiest air in the U. S.

3. Finally, the Salton Sea (5 miles east of Palm Springs area) is now almost completely dry and the hazardous waste blowing around is the biggest superfund site in the U. S. -----
Actions by Sierra Club ---NONE

Time to pass a State Law:

A. limiting the DOI to 2 years on all permit reviews (and requiring them to compare Alaska to the current existing resource extractions)

B. Limiting environmental lawsuits to States that have no environmental problems.

BAC

From: [LYNN WILLIS](#)
To: [Fiscal Policy](#)
Cc: [Rep. Kelly Merrick](#)
Subject: Testimony for Public Hearing before Comprehensive Fiscal Plan Working Group July 29, 2021
Date: Wednesday, July 28, 2021 8:56:11 PM
Attachments: [Agenda special session.docx](#)

Please include the attached testimony for the subject hearing record. Thank you.
Lynn Willis

From: [Lena Flensburg](#)
To: [Fiscal Policy](#)
Subject: Testimony For The Fiscal Plan
Date: Wednesday, July 28, 2021 2:55:28 PM

I am Lena Flensburg resident of the Kenai Peninsula, summer resident of Dillingham and have lived in Alaska my 60 years. I grew up and graduated with Representative Bryce Edgemon from Dillingham City Schools.

Representative Kevin McCabe is my

brother in law and Representative Ben Carpenter is my Peninsula Rep. I don't agree with what happened with the formula for the PFD's when Walker (and some of you) deviated from the original calculation, I don't like what has been happening in the legislature with no give whatsoever

on the majority side. I am sick of seeing things ramrodded through that don't benefit the majority of Alaskans and seeing spending way beyond what our pocketbook can afford as a state. I particularly was disappointed at the point when the PFD was stolen from all of us.

Currently this working committee needs to come together genuinely listening to each other and to the voices of Alaskans of all walks of life. Picking out the ones you want to hear and present rather than giving everyone a voice and discounting those who disagree with what you've been doing is not representation but condescending and bullshiness. Forbidding testimony because you really don't care what anyone wants or thinks is dictatorship tactic.

Regarding the solving of the PFD formula going forward I have a hard time trusting the unevenly picked committee to accomplish much if same old same old continues of ignoring the voices of reason. I would like to see the best deal for every Alaskan which is a full PFD-- That obviously isn't the intent of many on this committee and sadly I don't even like that people that want to rob from each Alaskan are even given authority over this process. That being said-- without compromise on the part of the majority of the legislature and a majority of this committee we are just going to have more of the same. Alaskans are tired of this ridiculous song and dance that makes a mockery of governance.

So while I should be out happily picking berries in the tundra I am sitting here on my hard couch typing this plea to this committee to come up with a well thought out plan for taking us down the road without having to keep holding PFD's and PCE hostage but establishing a plan (the 50/50) as Governor Dunleavy proposed or something that pays even more to individual Alaskans as was the original intent of those who established the Permanent Fund. I am thankful for every dividend we have gotten over the years and for those of my husband and family. We've used them for a multitude of good things--down payments on land, vehicles for our driving age children, and more. We saved each of our kids' dividends till they were of age so they could have a voice in what it was spent on. But further than just our family who the Lord God above has provided such a blessed life--there are so many others in this huge diverse state who can tell you their stories about how PFD's make a difference from putting the Pilot Bread on the table to buying guns and ammo to hunt with, to gas for getting out on snowmobiles and in boats, to bare necessities to medical costs, and more.

This money does not belong to the State it belongs in the hands of her people. You've been elected for such a time as this and placed on this committee to do right by each of us. So just do it!

Thank you! Lena Flensburg

From: [Michael Chambers](#)
To: [Fiscal Policy](#)
Subject: The real picture
Date: Wednesday, July 28, 2021 12:09:43 PM

Working group,

Instead of focusing on your work product, I prefer to bring attention to the disconnect between the citizen of Alaska and the legislature and why this disconnect is continuing to grow.

First and foremost, it is the constant disdain legislators have for both our State Constitution and adhering to laws which are created by the legislature.

In the case of the PFD, there is no argument that the legislature has jurisdiction over ALL appropriations in the State Of Alaska, rather it is the blatant disregard for existing law.

It is obvious why the legislature never took up the traditional PFD law as this would directly target legislators. It was far more politically advantageous to play a nut and shell game creating SB 26 which is actually not in conflict with the traditional statute which determined a PFD. This is especially correct, if as Senator Lyman Hoffman stated on the floor of the Senate, that the intent language was "first call" for the PFD distribution. Senator Stedman may have a point that bills of a temporary capacity may have intent language which does not stand the test of time, but law governing the PERMANENT Fund Dividend is certainly an exception.

Second, ALL funds fall into the category of APPROPRIATIONS. For years the citizens have heard the argument that the legislature can only appropriate UGF funds. This is an overt lie in an attempt to promote special interest funds set aside for "automatic" appropriations. Just because past legislators were creative in using other "synonyms" to promote these sacred funds does not preclude the fact that it is a direct violation of our State Constitution.

If this working group stands for anything, I would suggest this group should assist in realigning the legislature to follow the State Constitution and existing laws and in doing so, promote a more genuine relationship with Alaskans.

Lastly, keep in mind compromise does not mean capitulation. Look no further than the US congress during the First Continental Congress to gain a perspective regarding great compromise. Please be reminded, your "compromise" is not between political Parties, but should serve ALL the citizens of Alaska all the time.

Good luck in your deliberations.

Michael Chambers