Good Afternoon;

I am not a political person - nor am I very well versed in how the job is supposed to be done in Juneau.

What I do know is how very tired I am of hearing NOTHING is done - for weeks and weeks. Committees and subcommittees, and someone voted someone out because they did not vote the way they wanted and on and on.

I don't care if you are democrat, republican or the green party. Please stop all the games and do what makes sense. Pretend it is actually YOUR money - and work together, really together.

I for one want a plan in place so the people of Alaska know what to expect regarding dividends. No more numbers picked out of the air to please whomever you are trying to please at the moment. Alaskan's deserve to know what they will receive and when.

I personally do not need the dividend, I am blessed with a job and I work hard for what I get. But it still ticks me off to see the games played with the Alaska Permanent Fund.

I also want a balanced budget and services, and more infrastructure, new sources of revenue. I know its a lot, but you signed on for this.

Make a sustainable plan please - NOW and make it law so future legislators cannot do what this and past legislators have done.

I am a super voter. And I have a simple formula - if you don't do your job, I do not vote for you.

Thank you,

Lara Bickford

To Senator Kawasaki and Representative Hopkins:

Thank you for your emails. Thank you for inviting my input on matters of the state that affect all of us. I appreciate your respect for your constituents and their opinions.

When it comes to state budget issues, I feel at a loss to offer solutions as I struggle to understand

all the components of a state budget and the political drama that surrounds these issues as well as

all the special interests that play into this drama. We elect public officials to do the hard work of

grappling with these issues and making policy that is in the best long term interest of the state and

its residents.

I do know the following.

I am a long time Alaskan who appreciates that government comes with costs which I am not only willing

but want to pay for. I want and expect the structure of government to provide the following for this state and its

residents: environmental protections, health care (hospitals including mental health institutions), education

at all levels (from pre-K to university level teaching and research), land management, fire control both at

the level of residential to wild fires, recreational opportunities in order to maintain the health and well-being of

the human population, regulation of our ecosystem resources (plant and animal as well as mineral, water and air).

maintenance of roads and trails, waste management, maintain cultural, historical and creative pursuits so that we can continue

to challenge our minds and spirits and find ways to solve problems, provide for legal means to solve disputes and

protect our most at risk community members, provide for elections that count all votes and allow all voters to vote,

and to provide for a way that those who make a living in Alaska help invest themselves in these integral elements

of living in a state that puts a premium on looking our for each other.

I don't understand the ins and outs of state budgets but I know that things cost and in order to pay for those services

that the state provides we all need to chip IN! And in chipping in we are taking on some ownership, some responsibility

for the state. We need to feel like we are part of this and I see no better way than reinstating the income tax. It was a huge

mistake to have lifted the income tax when the oil monies were flowing and it has taken us too

long to admit that. It was

a mistake on so many levels: taking away ownership and through the PFD turning residents away from responsibilities and

toward entitlements, allowing out of state workers to get a free ride on our resources whether it be fishing, mining or oil resources.

It is time to give us back our state and the ownership in it. The PFD has created more problems than the those who instituted it

ever imagined. We have lost our bearings and need to recover them.

Respectfully submitted,

Mary A. Calmes

Fairbanks, AK 99712

Mary Calmes

Laughter: The tangible evidence of hope.

From:	<u>LaMantia Kat</u>
То:	Fiscal Policy
Subject:	Budget and PFD
Date:	Thursday, July 29, 2021 2:30:23 PM

I am tired but also angry at the antics in Juneau. Fix the budget just like we have to as individuals. Economize. Prioritize. Be brave. Also pay legitimate calls on funds. The PFD is no gift. You have used this as a solution for your failure to economize and prioritize. You need to pay the full PFD and all that has been stolen and you need to pay going forward according to the traditional formula.

Kathy LaMantia

Anchorage, AK

I favor restarting the personal income tax.

Warren R. Jones

From:	
To:	Fiscal Policy
Subject:	Budget
Date:	Thursday, July 29, 2021 6:46:20 AM

- I support efforts to keep PFD payments as low as possible; \$500.
- I support efforts to leave our state constitution alone. NO!!! to constitutional change to include PFD payments.
- I support and deeply appreciate efforts to support our education systems K-University levels while trying to balance our budget.
- NO to gimmicks, such as playing around with pension funds to finance pet projects.
- YES to progressive income tax to finance our public needs

Thank you, Connie J. Moore Fairbanks,AK Folks, I will be unable to attend today's in-person public comment session in Anchorage so thank you for this opportunity to comment by email.

- First off, I am NOT in favor of an annual large Permanent Fund Dividend and NOT in favor of stripping additional basic services from the state budget.
- Some attention(and funding) needs to be paid to quality of life services in order to retain (our children), or attract qualified, young workers to our state. By this I mean state parks maintenance/upgrades and highway maintenance and other common benefit services.
- To this end I suggest the following:
 - Alaska should reinstate a broad-based tax such as a personal income tax focusing on higher-income Alaska residents and non residents.
 - Alaska should enact a moderate increase in taxes on the extractive industries in general and the oil industry in particular.
 - Alaska should consider a thoughtful amendment to the Constitution to include the POMV system and guarantee a small dividend at a sustainable level.

I am a 63 year resident of Alaska, arriving just prior to statehood, and have spent my entire life since then here, experiencing all of the associated ups and downs. My children and grandchildren are all here and are active, contributing members of Alaskan society. This is our home, we aren't going anywhere, and don't mind "paying" to help support our state and the quality of life we love and depend on.

I urge the legislature to FINALLY move ahead to establish some fiscal certainty by enacting a plan that includes, at a minimum, the measures listed above.

Thank you again for this opportunity to comment!

John E. Wood Fire Lake, Alaska

From:	Doug Redburn
To:	Fiscal Policy
Subject:	Comments on fiscal plan
Date:	Thursday, July 29, 2021 11:56:31 AM

Dear: Legislative Fiscal Plan Committee:

My name is Doug Redburn and I live in Juneau. I've been an Alaskan continuously since 1971.

My comments on the fiscal policy discussions are itemized below:

1. Honor the 5% (percent of market value) annual draw limit from the Earnings Reserve Account. Despite the robust earnings of the Permanent Fund for the last fiscal year, allowing for a "one time exceedance" this year above that level to pay higher dividends is next to impossible to ensuse it's binding in future years and on subsequent Legislatures.

2. Reject enshrining the Permanent Fund Dividend and formula in the State Constitution. If any program is considered for enshrining in the Constitution, I would argue that education is more justified than a permanent fund dividend (PFD).

3. Seriously consider a new progressive income tax along the lines of the 2016 bill that passed the House. Alternately, review the income tax law Alaska had on the books until the late 1970s as a possible model. I willingly paid income taxes then and support citizens paying their share for public services. A statewide sales tax is another alternative, albeit would generate less revenue than an progressive income tax.

4. Get the votes together to override the Governor's PFD veto and pass a \$525 dividend amount that, as I understand it, balances the budget and allows for a modest dividend.

5. Resolving the question of whether to enshrine the PFD and formula in the Constitution will take much more time and should be carefully weighed against what other programs or services should be considered (e.g. education funding) for enshrinement.

Thank you for the chance to comment. Good luck in your deliberations on behalf of Alaskans.

Doug Redburn Juneau, Alaska To Whom It May Concern,

I would like to express my absolute desire that our Permanent Fund NOT be used to cover the fiscal gap Alaska is currently facing. I am also in favor of a constitutional amendment to protect the CURRENT formula, one that has worked for decades.

Our great Alaska legislature must balance the budget as any constituent would - cut where you can and increase revenue, if needed. The Permanent Fund dividend check is critical to many rural Alaskan families and if it was eliminated, the unfair (tax) burden would be immense for below poverty-level families.

Please balance the budget without touching the PFD and constitutionally protect the Permanent Fund.

Shawn

--Shawn Williams Anchorage, Alaska Dear Legislators

Thanks for your time. We know it can be hard.

I support a full paid first PFD. I support that this be in the constitution. I support a reduced funding for across the board state government agencies.

In general.

I support a much smaller and limited government. Much of which is currenly addressed in the constitution.

School K-12, not pre K. That parents quality time. A raise standard to meet Medicade requirements A more consolidated University. Performance standards for schools.

Revenue:

I support an increase in user fees for roads, ports, and airstrips through increased fees and gas tax. With no exceptions.

I support a state wide property tax equal to that which Anchorage and Matsu pay. Every local person should support their local communities.

I have sent similar notes addressing this issue in the past.

Steve Carhart

Dear Alaska Senators and Representatives,

Thank you for taking testimony regarding the current and future budget/fiscal plans for Alaska. I want to share my view that the Permanent Fund should be used to fund government services, in the absence of large, steady oil revenues. We need the services only government can provide: fire and police protection, roads and bridges, schools and social programs for children and adults in dire need. These services must be paid for. I believe we should use some of the money we have for the state's needs, invest some of it for future needs, and receive a small, regular dividend.

I believe that it's time to create a steadfast formula that decides the dividend that enables you lawmakers to focus on other government concerns besides the amount of the PFD. I believe that smaller dividends are preferrable to creating new taxes.

I am opposed to the Governor's cuts to the budget that he included when he signed the budget. If he wanted to make those cuts, he should have presented them to you and to the state during the regular legislative session. Unexpected and undiscussed cuts to education, social services, and to cities and communities and many other areas of government should not be tolerated in a representative democracy.

Thank you for considering my views. I appreciate your service and your dedication to deal with these issues throughout the summer.

Sincerely, Jennifer Remillard

Mike & Jenni Remillard

Eagle River, AK 99577

From:	renn nelson
То:	Fiscal Policy
Subject:	Full statutory PFD
Date:	Thursday, July 29, 2021 4:17:48 PM

Alaskans need a full statutory P.F.D If you want a full budget reserve add. timber fish and tourism oh yea and mining to the same formulaas the statutory pfd they are all Alaskan resources just like oil SINCERELY Renn Nelson Dob ketchikan 4/4/62

From:	Sheila Smith
To:	Fiscal Policy
Subject:	I Support a Full PFD
Date:	Thursday, July 29, 2021 8:59:13 AM

Many Alaskans, myself included, depend on the PFD to pay bills that we can't afford to pay otherwise. The PFD Fund belongs to Alaskans, not the government. It is appalling that the government thinks it has a right to take our money. Stop the Steal and think about actually helping the people!

Thank you Sheila Smith Kodiak, AK

From:	Wayne Gray
То:	Fiscal Policy
Date:	Thursday, July 29, 2021 2:12:03 PM

I personally believe that the legislators and governors should have left the permanent fund alone. and should reimburse all money stolen from it. The original formula was working just fine. You all have wasted a rediculous amount of time and money bickering on the subject ever since Walker first stole from it. Quit wasting money, and quit giving it to the oil companies. We should run the state like a business, and only invest in what will make the state money. If we want to encourage our resources to be harvested, then help small companies locally become big. Maybe with loans. I have worked in oil exploration for 6 years and could totally run an oil exploration business if I had the money to get started. Not that I want to. Just an example. Promote us local little people. Not the huge foreign companies. Get rid of the oil tax credits.

From:	Darren McLaren
То:	Fiscal Policy
Date:	Thursday, July 29, 2021 3:32:12 PM

From:	<u>J Parson</u>
To:	Fiscal Policy
Cc:	Sen. David Wilson; Rep. Kevin McCabe
Subject:	my comments re state budget, PFD, and fiscal plan
Date:	Thursday, July 29, 2021 8:39:38 AM

I agree largely with Cliff Groh's suggestions voiced in ADN on July 29, 2021. I am NOT in favor of changing the PF from how it is now is stated in the constitution. I have mixed feelings about putting the PFD "formula" into the constitution since we have already seen significant changes in our state revenue sources and future changes could dictate again changing how the PFD is calculated or the revenue sources for the calculation.

I paid AK taxes when I first came to Alaska and recommend reinstating individual taxes for new revenue. Those that pay taxes will have PFDs to offset some of that expense, as stated by former Governor Hammond. Those that do not pay taxes will have the full PFD as a bonus, NOT an entitlement. I also recommend revisiting the credits and benefits given oil companies that have reduced revenue without seeing the promised increase in oil volume. We can no longer pay the oil companies to develop our oil resources.

I also recommend that the PFD be calculated each year from ONLY the mineral revenue received the prior fiscal year, not to include earnings from the PF earnings account. I don't think any of the original architects of the PF ever anticipated that yearly investment earnings in the PF would ever exceed mineral revenue as significantly as it has so quickly. My interpretation, from Gov. Hammond's autobiography, is that Alaskans should share in the mineral revenue received each year, so that Alaskans are aware of the actual activity that produces this revenue. If Alaskans realized that the PFD is determined from only mineral revenue received and each year saw a reduction in revenue as oil prices and volumes dropped, Alaskans would have looked more carefully on taxes paid by oil companies and benefits given to oil companies before changing the original tax laws.

We need to stop hoping for revenue from ANWR and possibly even getting a gas line built. We need to aggressively look to develop other mineral resources, such as those needed for batteries and now offered by China. Our world is changing and Alaska must look now to the future and to different revenues than oil.

Respectfully, Jill Parson Big Lake Dear Legislators:

As a former urban candidate, and as a former resident of rural Alaska, I would like to add my voice to the debate today. Alaska has a major geographic challenge in that the majority of the land is not on the road nor railroad system. Is is vitally important that all of Alaskans be connected to internet and other communication services and that is not possible without electricity. The PCE should be available to all rural citizens so that they can access telehealth , educational opportunities, communication with their representatives in Juneau, shopping, and state and national news. Therefore, this should be a dedicated fund. Currently, the only dedicated fund is the Permanent Fund.

Additionally, in the absence of the road system that is federally subsidized, there should also be dedicated funds for the Marine Highway. <u>This is unique to Alaska, and, like the electricity necessary</u> for communication, maintaining transportation corridors is vital to our coastal communities, which depend on receiving all manner of freight and passenger services by water. Currently, the only dedicated fund is the Permanent Fund.

Most importantly, for approximately 26 years, the Permanent Fund Dividends and General Fund deposits were calculated using a formula based on the value and earnings of the Permanent Fund. That all changed in 2016. Now there is a new law that uses "Percent of Market Value" to calculate the amount of money that can be appropriated from the Permanent Fund and the legislature is allowed to use all of that amount to fund government, not the people. <u>Now, when the Permanent Fund is calculated at over 81 billion dollars, the highest it has ever been, there is no excuse not to follow a compromise of the original statute and the POMV legislation. Again, I know that_rural residents use the PFD to buy fuel oil for their homes and for transportation into the urban areas, so it is a boost to the whole Alaskan economy in many ways.</u>

I participated, as a candidate, in two governor elections. It is clear that only candidates that promised a full PFD won those elections. In 2014, we all promised it. In 2018, Dunleavy clearly promised it, as did the Libertarian candidate, so again, a clear victory/majority for the PFD. I support the SJR/HJR proposed by Dunleavy to take a vote, by the people, on whether or not to designate the PFD in the Alaska Constitution, and to designate the PCE funds as not subject to sweeping every year.

I also might point out that in my own Senate District N, the vote total for the two proPFD candidates is a clear majority of the voters. Sen. Roger Holland and I were in agreement on this platform item.

It is not greed. These three items keep rural residents able to live in their communities and to support their families. They support the economy throughout Alaska. Perhaps all the rural residents need to move into the urban communities that have all the benefits of jobs and low prices. Legislators, please heed my remarks.

Yours truly,

Carolyn C. Clift

To whom it may concern:

Alaskans, including ourselves, have testified repeatedly in favor of payment of the original calculation of PFD to be paid to the people. We are still in favor of this. We would like to see the budget balanced by cutting whatever nonessential services the state is providing but cannot afford.

In the case of being unable to pay for essential services plus the original calculation PFD we favor a 50-50 split with the legislature of any money from the fund.

The PFD should never be an arbitrary amount declared by the legislature. It should be a fair calculation, predictable & dependable.

Thank you, Eugene and Patricia Virden Eagle River, Alaska

Sent from my iPad

From:	michael hobson
To:	Fiscal Policy
Subject:	PFD
Date:	Thursday, July 29, 2021 12:23:28 AM

I was but a kid when the PFD was setup, but I remember the demands of the public that the dividend be setup in a way that lawmakers could not ever touch it. That became a key claim by the legislature back then to insure the Alaska pipeline was approved by residents. Yet here we are all these years later with the legislature doing everything in their power to take the fund from those it belongs to, the residents of Alaska...Hear this, we the r esidents of Alaska will actively campaign against any and all who vote to touch the dividend..The didvidend belongs to the people of Alaska, not to the government...Balance your budget and stop paying for services that are not a necessity..Those who choose to live off the road system, should not b e able to live off the welfare system, including schools, airports and utilities..if they want such things, they can tax themselves and their native corporations and fund themselves...

Listen here Alaska legislators!

I'm one of MANY, if not ALL of Alaskans, that demand we get our full dividend share. No 50/50, no \$500, but our full share plus the \$10k that's been taking from us through these years. IF Covid was an actual threat, you'd have no hesitation paying it all out of it were an actual pandemic. But I see that you aren't taking it seriously, hence that leads me to believe it's all a farce.

Tarring and feathering should be brought back for the rogue legislatures going against the people's wishes.

Roman Shevy Wasilla AK

Sent from my iPhone

Legislators;

Please stop the charade and struggle of you doing everything you possibly can to keep taking the private citizens money for your own pork barrel spemding. And no, I don't buy into the " we don't have enough money!" Angst.

Put the statutory formula into the constitution and work with the money that is the governments portion.

Certainly you don't want the same hated reputation that the newcomers Zoebels had when the program was formulated and put forth!

If you can't do the will of the people for which you were elected you are in the wrong profession and should step down.

I am advocating for a full PFD, put into the constitution.

Denise Allen

From:	<u>tracy b</u>
To:	Fiscal Policy
Subject:	PFD
Date:	Thursday, July 29, 2021 10:53:13 AM
	Thursday, July 29, 2021 10:53:13 AM

Please stop taking our PFD. ITS THE PEOPLES MONEY NOT STATE BUDGETS.

If you would stop stealing our money. We wouldnt need all those govmt funded programs. We dont want them. And it sustaines us threw the winter an keeps the economy going thru winter.

Please dont crap on the very people that gave you a job.... And counted on you to represent the people in Govmt. Some of you have decided to fill your pockets an steal from the people instead of doing your jobs. RESOLVE THIS ISSUE NOW. AND STOP STEALING. 50/50 SPLIT



Pilot Station Traditional Village 119 Airport Road PO Box 5119 Pilot Station, AK 99650 Phone: (907) 549-3373, Fax: (907) 549-3301

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,

Pilot Station Traditional Village 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 at \$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. Pilot Station Traditional Village respectfully asks that you keep rural families, communities, and businesses in mind as you plan for Alaska's future.

Sincerely,

Cynthia Janeyboy Cynthia Fancyboy

Cynthia Fancyboy President Pilot Station Traditional Village

Native Village of Napakiak 1083 Mission Road P.O. BOX 34069 Napakiak, AK 99634-0069 PH (907) 589-2135 FAX (907) 589-2136 nativevillageof napakiak@yahoo.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,

The Native Village of Napakiak 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.

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1

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

Sincerely,

Lucy H. Pavilla, President

Akiak Native Community

Akiak IRA Council P.O. Box 52127 Akiak, Alaska 99552 Phone: (907) 765-7112 Fax: (907) 765-7512

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

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

Sincerely,

Ithing a

Michael Williams Sr Chief

OUR PFD MESSAGE:

An Open Letter To the 32nd Alaska Legislature, Governor Mike Dunleavy, & The Public

From SAVE THE PFD

July 26, 2021

<u>Synopsis</u>

- We, the people of Alaska, have had our rightful PFDs incrementally stolen from us for 6 years now, as of July 1, 2021.
- The narrative of "It's either government services or a bigger PFD" is FALSE <u>because</u> <u>the recent Legislatures, using SB 26, ignored the traditional statutory formula laws with</u> <u>a 50/50 split</u> between the people's PFDs and distributed revenue for state government.
- Alaskans, particularly those in the private sector and low- and middle-income families are hurting, while the state government twiddles its thumbs, sitting atop all of this potential PFD payout monies, while no state government employees have lost their jobs during this Covid-19 pandemic.
- There is money to pay a full statutory PFD this year and to balance the budget <u>if the Legislature uses the traditional statutory PFD formula laws from the ERA and a 50/50 split.</u>
- <u>ALL</u> of the current proposed constitutional amendments using a POMV scrap the ERA and end the successful PFD program in place from 1982 to 2015. <u>ALL</u> of these are continued efforts to steal our rightful PFD monies.
- We could support an amended SJR6 proposed constitutional amendment, if these are included:
 - (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.
- The Legislature should pass this amended SJR6, so that Gov. Dunleavy can sign it, and so that Alaskan voters can vote on it.

Glossary of Terms

- Corpus The principal amount of the Permanent Fund minus the ERA.
- CBR Constitutional Budget Reserve. A savings account mentioned in the state constitution. Any draws from it must be paid back. As of June 30, 2021, the balance is only \$1.08 B and no deposits have been made back into it. The legislature needs a ³/₄ vote to access any funds. In 2015, the CBR balance was over \$10.1 B, earning 0.84% when invested. (Source: <u>https://treasury.dor.alaska.gov/Investments/Constitutional-Budget-</u>Reserve.aspx).
- ERA Earnings Reserve Account. Part of the Permanent Fund that is used to (1) collect realized earnings from investments by the Permanent Fund Corporation of the Permanent Fund balances and to (2) make distributions for PFDs and potentially the state government. This account was established under AS 37.13.145.
- FY Fiscal Year. An accounting period of one year. The State of Alaska uses a fiscal year from July 1 to June 30.
- General Fund The major budget account of state government from which other sources of revenue are deposited or transferred and from which disbursements can be made for state services, and recently, the PFDs per SB 26.
- PCE Power Cost Equalization. A program established to subsidize rural power consumers for the extra cost of their energy uses electrical or fuel oil. The subsidy only goes to each household, not to each household member.
- PF Permanent Fund. The account established by Alaskan voters in 1976 that is placed in the state constitution from natural resource and oil tax revenues. The PF is comprised of the Corpus (principal) and the Earnings Reserve Account (ERA). The PF Corpus cannot be accessed for distribution without a vote of Alaskans.
- PFD Permanent Fund Dividend. That 50% portion of realized earnings from the ERA which, from the early 1980's to 2015, was distributed to qualified Alaskans.
- POMV Percent of Market Value. A percentage applied to a principal amount, as in 5% of the \$81B Permanent Fund would allow up to that amount for a maximum draw for the purpose of distributing PFDs and for state government.
- SB26 A new PFD distribution law, passed in 2017, found in Chapter 16 SLA 18 of Alaska's statutes. This law did not repeal the traditional statutory PFD formula and distribution laws.

SBR Statutory Budget Reserve. A savings account. The Statutory Budget Reserve was "...codified under AS 37.05.540, was established July 1, 2013 from appropriations of excess money received by the state. In October, 2015 the separate fund at the custodial bank was liquidated and its assets transferred to a fund within the GeFONSI (General Fund and Other Non-Segregated Investments)." The SBR was depleted by 2015. (Sources: ¹ and ²).

From the Seattle Times: "The statutory budget reserve is among the pots subject to the sweep. At the start of the current fiscal year, it was empty, according to the Legislative Finance Division. But the budget proposal resuscitates it, in part with money previously authorized to be spent but not needed in the current year, the division's director, Alexei Painter, said.

"About \$320 million of the \$739 million allocated in the budget for dividends would come from the statutory budget reserve, with \$48 million from the constitutional budget reserve and the rest from the state general fund. If approved, dividends would be around \$1,100, Stedman said.

"Checks would drop to \$525 if the three-quarter threshold in each chamber is not attained, a Legislative Finance Division analysis showed." (Source: Bohrer, Becky (Associated Press). "EXPLAINER: The complexities in Alaska's budget proposal." *Seattle Times.* June 14, 2021. <u>https://www.seattletimes.com/seattle-news/northwest/explainer-the-</u> complexities-in-alaskas-budget-proposal/).

Unencumbered "Unencumbered refers to an asset or property that is free and clear of any encumbrances, such as creditor claims or liens. An unencumbered asset is much easier to sell or transfer than one with an encumbrance. Examples of common unencumbered assets are houses free from mortgages and other liens, cars with paid off loans/notes, or stocks purchased in a cash account." (Source: https://www.investopedia.com/terms/u/unencumbered.asp).

¹ <u>https://treasury.dor.alaska.gov/Investments/Statutory-Budget-Reserve-Fund.aspx</u>

² <u>https://treasury.dor.alaska.gov/Portals/0/docs/gefonsi_cbr_charts/fy2021/12%20Jun%202021.pdf?ver=2021-07-075316-837×tamp=1627208008663</u>

OUR PFD MESSAGE:

An Open Letter To the 32nd Alaska Legislature, Governor Mike Dunleavy, & The Public

From SAVE THE PFD

July 26, 2021

Introduction.

We, the people of Alaska, have had our Permanent Fund Dividends stolen from us, illegally, for six years now (because of the Legislature using a new law – SB 26 -- that did not repeal the earlier traditional statutory formula law), if we count there being no PFD scheduled as of July 1, 2021. In place of the full PFDs, our legislators and two governors, with the consent of Alaska's courts, have given us as partial payouts from the state's treasury in the following amounts.:

Year	Statutory	PFD	Stolen	Past Due
	Amount	Distributed	Amount	
2016	\$2085	\$1022	\$1063	\$1063
2017	2458	1100	1358	2421
2018	2924	1600	1324	3745
2019	2884	1606	1378	5123
2020	2895	992	1903	7026
2021	3687	0	3687	\$10,713
Source: https://pfd.alaska.gov/Division-Info/Summary-of-Applications-and-				
Payments				

The total of \$7,026 (before this year) are not true dividends, but are akin to welfare handouts or payments for government services, because the amounts come from other fund sources, not just the ERA, subject to the arbitrary whims of the Legislature and the Governor. Their distribution no longer followed a traditional dividend distribution method which had been in place since the first PFD in 1982. Since 2016, a majority of the legislators have used the false narrative of "It's either government services or a full PFD," to justify giving we Alaskans only "the crumbs from Longshank's table," while both the Corpus of the Permanent Fund and the ERA have grown.

Alaskans Suffer While the Governments Twiddle.

We Alaskans, particular those in the private sector and low- and middle-income families, are trying to recover from the most devastating economic calamity since the Great Recession of 2008, because of how government has handled the Covid-19 pandemic. By declaring Emergencies at the federal, state, and local levels, and by declaring quarantines of

healthy people, and by declaring partial lockdowns, and by declaring reduced operating capacities of most businesses deemed non-essential by those governments, those governments crippled most of the private sector, forcing hundreds of small businesses to close their doors – some for forever. The resulting job losses affected thousands of Alaskans, requiring most of them to seek federal aid in the form of unemployment insurance or Covid Disaster Relief, the latter of which was delayed in getting to businesses or local governments. All of this happened while no federal, state, or local government employees in Alaska lost their jobs, or had their job hours reduced, or lost their health insurance or other benefits, while the private sector, which normally produces jobs and wealth and economic productivity, virtually came to a standstill, except for those businesses declared as "essential" by the government.

Yet, Alaska state government sits on billions of dollars in the Earnings Reserve Account, the only account of Alaska's Permanent Fund from which the Legislature can appropriate. In 2020, during the height of the coronavirus pandemic, the Alaska Legislature only appropriated a measly \$992, instead of the statutory amount of \$2,895, to each qualified Alaska applicant, while the pay and benefits of Alaska's state employees, legislators, and legislative staff remained at their high levels.

Apparently, it does not matter to some in the Legislature, especially to those who are so rich that they do not feel the suffering of those Alaskan low- and middle-income families in the private sector, so that continued implementation of SB 26 and the negligence of not paying a full statutory PFD, when we can afford to do so, hurts most Alaskan families, especially at a time when most Alaskan families need their full PFD monies the most – NOW. The Legislature has yet to even consider ways to pay back the past PFD amounts, too, adding insult to injury.

The Facts and the Fears.

It's not like there is no money to pay a full statutory PFD this year, or to even balance another bloated budget. There is money. It's in the ERA, from which the legislature can appropriate through a transfer of funds to the General Fund and then to the people as PFDs. The Alaska courts said the Legislature has the power to appropriate, even by reducing a scheduled PFD amount if the Legislature wishes, which is the gist of the losing Wielechowski case against the State before the state courts. Gov. Jay Hammond and the bipartisan founders of the PFD program set up the PFD program so that the ERA would be the source of both the people's 50% share, as well as state government's 50% share, of actual realized earnings over a 5-year average. This leaves the PF Corpus alone to sustain the overall Permanent Fund. The current balance of the ERA, after Gov. Dunleavy's transfer of \$4 B to the Permanent Fund corpus, still leaves about \$15.8 B. To pay a full statutory PFD this year amounts to about \$2.3 B (\$3,687 x 630,000 recipients). The remaining 2021-2022 budget deficit is about \$1.6 B (per Brad Keithley), but could be as high as about \$2 B. Adding both payouts would leave about \$11.9 B in the ERA for the coming fiscal year (\$15.8 B - \$2.3 B -\$1.6 B). Both payouts would still be close to a 50/50 split, which is what Gov. Hammond envisioned and nearly what Gov. Dunleavy proposes in SJR 6.

However, Gov. Dunleavy's SJR 6 would eliminate the ERA. That would be a big mistake. Right now, the ERA is our only viable savings account. Our recent PFDs were sourced from the General Fund and other fund sources, where other revenue sources lay, so that any PFD disbursements would be "competing" with other disbursements for state services, in the minds of most legislators. We believe a 5% POMV approach on the value of the entire Permanent Fund would not be sustainable, and, if put into the state constitution, might require another amendment to lower the POMV percentage in the future, thus diminishing payouts for both the PFDs and for state government, or another amendment to raise the POMV to pay a decent PFD and provide more for state government services. The latter could definitely jeopardize the sustainability of the PFD program and put pressure on legislators to look at the Permanent Fund corpus to solve the increasing spending. We also believe that the 5% POMV approach would enable state government to grow and grow. without any fiscal constraints. Also, the 5% POMV approach "attaches" itself to the value of the entire Permanent Fund. We don't want any attachment to the Permanent Fund - it's like a foot in the door or a camel's nose under the tent. The statutory PFD formula only distributes averaged realized earnings, making it sustainable, and it's 50/50 distribution would also give an amount to state government equal to the sum of all PFD checks to the people. So, if we were to adopt SJR 6, Gov. Hammond's vision for the PFD program – a program that has successfully worked from 1982 to 2015 -- would end.

Current Legislative Proposals for Constitutional Amendments.

All the current proposed constitutional amendments being considered by the Legislature's Comprehensive Fiscal Plan Working Group, as of July 22, 2021, would also end the ERA and end the traditional successful PFD program. Those Joint Resolutions and their sponsors are:

HJR1	Rep. Kreiss-Tomkins
HJR10	Rep. Tuck
SJR1	Sen. Wielechowski
SJR6/HJR7	Sen. Rules Committee by Request of the Governor
SJR18	Sen. VonImhof

On July 26, 2021, two new proposals were put forth to the Legislature's Comprehensive Fiscal Plan Work Group (CFPWG).

The first was Rep. Wool's plan. It asserts that there were major budget cuts from 2015-2018, which is NOT TRUE. He also uses charts with data that is outdated (Wool, pages 10, 11, & 12) He proposes a new dividend formula that would initially set the PFD to about \$1000 and up to about \$1400 - \$1500 by FY 2030. That split would amount to about 85/15, with 85% going to the state ([3347 + 1102] - [335 + 358] = 693/4539 for 15% for PFDs for FY 2023, per Wool, page 16). He also proposes a "broad-based tax on individuals" from a 2.5% flat tax. This is not acceptable to us.

The second was Sen. Shower's plan. His scenario portrays a 50/50 POMV with variable Draw Rates for FY 22, 23, 24, & 25 and with a stable Draw Rate of 5% thereafter. He also proposes a South Dakota-style sales tax of either 1.5% or 2% plus new oil revenues of either \$200 M or \$300 M. His proposals keep the ERA and balances the budget and acknowledges that SJR6 could be the vehicle for getting this all done with proper constitutional language if passed by the Legislature and put before the voters.

At the CFPWG hearings, there has also been expressed a concern for having a savings account under any new proposal. Past legislators have already spent all of the SBR (Statutory Budget Reserve) and almost all of the CBR (Constitutional Budget Reserve). Right now, the ERA is our only temporary savings account. SJR6 would put some money back into the CBR.

A Way Forward to a Successful Conclusion.

We Alaskans are sick and tired of being lied to and having our rightful PFDs stolen from us by legislators who believe in an ever-increasing state government. We Alaskans were able to defeat many anti-PFDers during the elections of 2020. If you legislators and Governor won't heed our concerns and warnings this year, then expect many of you to count on being on the losing end, too, in 2022, and beyond.

The recent trend of stealing our dividends and bloated state budgets is not acceptable to us, and Gov. Dunleavy's SJR 6, while better than HJR 7 and the other proposals, has some flaws, as mentioned, above, but it also has a possible good compromise point – putting the PCE program into the state constitution also, so, if amended to include our traditional statutory formula language, can be the vehicle for moving forward with a legislative vote to put it on the statewide ballot.

The Power Cost Equalization (PCE) program was designed to stabilize the electrical and fuel costs in rural Alaska because of the high costs of delivering both in those remote parts of Alaska that are not connected to the road system of central interior and southcentral Alaska. Rural households get anywhere from \$500 to \$700 from the PCE. A full PFD per person in a rural family household would be far better for those people in the Bush. While continued implementation of the PCE program would possibly be a barrier to entry of competitive power sources, there is no incentive to compete to produce cheaper power. We know this from basic economics that competition is good for the consumer, which ultimately leads to better quality of service, lower prices, or both. Rural legislators are adamant about keeping the PCE program, but not so much about a good, full PFD for their constituents. Many of those constituents rely upon the full PFD to buy fuel oil, other fuel sources, to stock-up for the harsh winters, fix up their cabins, and other family-related matters. Yet, most of these rural legislators keep getting re-elected due to the special interests that can afford to pay for the campaign expenses of those legislators, keeping those legislators as incumbents to rule over their constituents from the seclusion of Juneau.

What if we were to guarantee their PCE program if the rural legislators were to guarantee our statutory PFDs? A win-win deal is good for almost anybody's negotiations.

- Combining the statutory PFD and the PCE into the state constitution would be the good compromise, at this point.
- Also, adding any unencumbered ERA amounts after the 50% PFD distribution and the 50% state distribution amount back into the CBR would be good, since the state is constitutionally obligated to pay back any CBR draws.
- For this year, use the statutory PFD formula to:
 - (1) Pay a full PFD from the ERA; and
 - (2) Use about an equivalent total amount from the ERA to help balance the budget for FY 22

We believe this upcoming Special Session of the 32nd Alaska Legislature should be considering this <u>amended SJR6</u> as a compromise constitutional amendment proposal and CBR restoration. We believe this is worth putting on the ballot for a statewide vote of Alaskans for a constitutional amendment to the Alaska State Constitution.

Hello,

Here's my input re the state budget...

Don't decrease the corpus of the budget reserve.

It's probably a good idea to put the permanent fund into the constitution so the legislative body doesn't use so much time arguing over how/what to spend each year instead of working on other issues, however, not lowering the budget reserve.

I'm in favor of a PFD, especially for how it helps those without steady incomes, but POMV needs to be a part of it and used so it doesn't overdraw from other needs that benefit the state.

I believe our state needs include:

- supporting quality health care
- quality schools and universities
- a viable marine highway system
- addressing global warming and investing in more renewable resources instead of trying to drill for more fossil fuels (renewable energy should be a requirement of the oil industry in our state if they want to continue getting the very lucrative tax breaks they get!)
- safety with a focus on justice practiced equally
- legal representation for those who can't afford it
- support for a more diverse revenue path away from oil, such as tourism, well-managed commercial fishing, state of the art draw for higher education and vocational schooling opportunities
- substance abuse and mental health resources for all who need it
- standardized quality and affordable child care assistance for all based on ability to pay
- maintaining good trails and outdoor recreation opportunities
- independent and transparent checks and balances for state expenditures in all departments to be sure our funds are being spent wisely and legally

I also think that an income tax seems prudent. There are thousands over the years who've come to Alaska, taken advantage of our resources and leave with all the money they get here and give nothing to Alaska in return. Getting something for nothing is alive and well in Alaska. There are those who will say that income tax turns people away from coming here to do business or live, but the reality is that if your environment of living otherwise, such as safety, good schools, great outdoor opportunities, etc are present, taxes aren't a detractor. In fact, there are few other places you can go that don't have some sort of taxes. Alaska needs to get smarter and invest in the things that will sustain a quality life for all who make this their home and that can attract others as well.

Thanks for your time, Connie Markis To Whom it may concern:

Don't give out huge PFD's! Think of the future, our children and grandchildren. We don't need more debt. We need forward thinking. Because the earnings did well does NOT mean this trend will continue and does NOT mean to spend it all down.

Thank you, Alice Sullivan

Alice Bassler Sullivan, Director Alice Bassler Sullivan DanceArts Alaska

From:	Genevieve Bell
То:	Fiscal Policy
Cc:	<u>Sen. Robert Myers; Sen. Scott Kawasaki; Sen. Click Bishop; Rep. Mike Cronk; Rep. Adam Wool; Rep. Grier</u> <u>Hopkins; Rep. Mike Prax; Rep. Steve Thompson; Rep. Bart LeBon</u>
Subject:	Regarding the Comprehensive Fiscal Plan
Date:	Thursday, July 29, 2021 12:08:30 PM

Good Afternoon,

My name is Genevieve Bell, I live in D5 and my family business is located in Fairbanks, Alaska (D1). We are an oil support services company with union employees, and we've been in operation since 1982. I would like to give my perspective from an employer's standpoint, and I'll keep it short and sweet.

I fully support and urge the use of our PFD to fund government. Common sentiment is a 50/50 PFD split between government and the people, which will result in a budget shortfall leading to an income tax, sales tax, resource industry tax (all bad for business). It is foolish that we would give money to Alaskans with one hand and take it away in the form of a tax with the other. We have this wonderful gift that allows us to pay for state services now and for the future Alaskans for many years to come, if we let go of the self interest in receiving a PFD. It is an exercise in doing what is right instead of what is populist. I understand that Alaskans are struggling and many depend on the PFD check. However, if we eradicate businesses (employers) with various tax schemes to cover the budget to keep a PFD, those struggling Alaskans will be worse off. I am sure most prefer a weekly wage over a single yearly dividend.

Thank you for the consideration,

Genevieve Bell Flowline Alaska, Inc.

Fairbanks, AK 99701

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

For the past 3 weeks I am told there has been a lot of behind the scenes telephone conversations on this issue, but publicly, until this Monday, not a single bill has been discussed! To the public that is viewed as no interest in doing what this working group was told to do! I fully support 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! I believe Speaker Stutes had no intentions of an amiable agreement!

My conclusions are based on meetings of only twice a week then three this week. Filled with testimony that you on finance may know but others may not. This was not necessary because the language of the Constitutional Amendment is the issue, which is what we the voters will be voting on! I believe this was done on purpose to slow roll this! 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!

In my opinion, the leaders of this group by their actions have shown they have no real desire to fix the PFD. I applaud our Senators and Reps that are supporting We the Peoples right to vote on SJR6 vs those whom continue to play politics! Our Senators and Reps have compromised from a full statutory PFD to the 50/50 within SJR6. I am told by multiple sources that the Dems want this to be the start of the compromise. No, this is as far as we will go, period, it is past time for the Democrats to compromise to us!

Mike Coons Palmer AK

Using Opera's mail client: $https://urldefense.com/v3/_http://www.opera.com/mail/_:!LdOKC6s!a0hL0S8ZSqqxaetWMb8NVwyqOUKZyybR6n92B9XmM0VEQsPbAKGwGiOiNbzs3tE338nvrw\$$

From:	<u>Jan Carolyn Hardy</u>
To:	Fiscal Policy
Cc:	<u>Jan Carolyn Hardy</u>
Subject:	Save our State
Date:	Thursday, July 29, 2021 9:12:57 AM

Dear Fiscal Policy Committee,

Short sighted and bandaid stopgaps are not the long term sustainable solutions to preserving essential government services and the fiscal security of our government. We need revenue in the form of opportunity credits for new businesses, taxes on high value items, economic development, incentives for entrepreneurs, import/export warehousing to increase facility in our supply chain management, etc. There is so much we can do to augment our budget. Why are we limiting our imaginations to cutting the budget?

Beats me!

Tikkun Olam,

Jan Carolyn Hardy

Older Persons Action Group Executive Board Vice President

AFSCME Retiree Chapter 52 Executive Board President

ASEA/AFSCME PAC Director, District 22

Central Labor Council Member

Theology defines what is possible in our lives. Rabbi Kari Tuling

No one is free until everyone is free. Maya Angelou

Silence is complicity. Joseph R. Biden

Everyone does better when everyone does better. Eleanore Roosevelt

Please spay or neuter your pets!

If they don't give you a seat at the table, bring a folding chair. Shirley Chisolm

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email is intended to be reviewed by the individual named above. If the reader of this electronic transmittal is not the intended recipient or representative of the intended recipient, they are hereby notified that any review, dissemination or copying of this e-mail or the information contained herein is prohibited.

Dear Comprehensive Fiscal Policy Working Group:

I agree with and strongly support the measures recommended by Cliff Groh in an opinion piece in the Anchorage Daily News this morning (July 29):

*Amend the Alaska Constitution to include the POMV system and guarantee the Permanent Fund dividend **at a sustainable level**.

*Reinstate the personal income tax structured according to ability to pay which means that (a) those of us with higher incomes who can afford to pay more will pay more and (b) non residents, who currently work in Alaska and pay little to no taxes here, will pay their fair share.

*Moderately increase taxes on the oil industry

*Continue to emphasize searching for efficiencies in the budget

*Recognize that in certain areas the budget may need to go up, e.g. the capital budget

Thank you for holding these meetings!

Sincerely,

Helen and Gayle Nienhueser

Anchorage