

7/13/16
5574
Daniel George

SB 5001 - public testimony - packet #1
11 points + 3 resolutions

From: MaryBeth Printz <printz.mb@gmail.com>
Sent: Wednesday, July 13, 2016 4:06 PM
To: Senate State Affairs
Subject: SB 5001

I respectfully submit the following suggestions regarding the need to correct Alaska's fiscal imbalance this year:

1. My position regarding SB 5001 is that the proposed cuts so far have only been taken from the PFD, from funds that support taxpayers and their families, and from the oil industry.

2. This issue is important to me because it affects all of the citizens of Alaska and the financial future of our state.

3. Here are my top points, and I respectfully request that you consider the following:

Permanent Dividend Fund:

- It is unfair to distribute a PFD with one hand and institute a sales/income tax with the other. Taking citizens' PFD money with taxes and then permitting government access to the PFD earnings as well is underhanded.
- This is a stand-alone measure
- Overspending by government will continue because there will be a huge pot of money to finance its whims. Mega projects will be eventually funded because they have only been put 'on hold.'
- Slashing the PFD will not save the state money, but keeps about \$700 million in the Permanent Fund Earnings Reserve that can be spent another day.
- Governor Tony Knowles wanted to use the PFD to balance the budget, but the people voted against it. This situation is not any different.

Taxes:

- The money raised from a sales/income tax is small in comparison to what is needed to run the state. Taxes impact everyone, especially villagers who already have to pay more for everything. However, if a tax is going to be levied, make it a simple flat 3% tax on income and investments with no deductions.
- The oil tax credit situation needs to be resolved. It gives too much money (billions) to the oil industry. Deferring oil tax payments is just kicking the can down the road.

Budget suggestions:

Government:

- Freeze all gov't/state salaries
- The Governor should exempt himself from taking a salary
- No compensation for travel, lodging, and food
- No pay for those legislative members not attending sessions
- Duplicates of same state/gov't job description (or similar) should be laid off
- No legislative office building should be purchased in Anchorage because the capital is Juneau.

General:

- Make sure corporations are paying commensurate to their gains
- Borrow money from the fund against Alaska state bonds at 10% tax-exempt interest. The fund can use the bonds to pay the dividends to the owners. Use future oil and other resource tax revenue to pay interest upon the bonds. (Idea: John J. Kiernan)
- Hire the best non-partisan accountant or economist in the state to review everything and make suggestions. Then do what he/she suggests.

Have courage to do the right thing for us. Thank you.

Sincerely,

MaryBeth Printz

Anchorage

Daniel George

From: Amy Knapp Pettit <knappa7@hotmail.com>
Sent: Wednesday, July 13, 2016 10:53 AM
To: Sen. Bill Stoltze; Sen. John Coghill; Sen. Lesil McGuire; Sen. Bill Wielechowski; Sen. Charlie Huggins
Cc: Rep. Shelley Hughes
Subject: PASS A PLAN

To the Members of the State Senate Affairs Committee;

Governor Walker's plan balances the state's budget within two years through a combination of continued spending cuts, sustainable use of permanent fund earnings, and modest tax increases. As an 11 year voting resident of Palmer, I support this plan. I cannot understand the inaction being taken by the Legislature and I urge you to use your time more efficiently. Please stop wasting State dollars by dragging out these special sessions - take action - pass the Governors Comprehensive Plan!

Sincerely,

Amy Pettit

Daniel George

From: hills <bows@gci.net>
Sent: Wednesday, July 13, 2016 4:06 PM
To: Senate State Affairs
Subject: Govenors solution

I am still waiting for someone to tell me how the Permanent fund is at risk. It is a stock fund that is based on stock earnings. I do understand that there will be less oil revenue be contributed but the payout has been based on the stock earnings for not oil. The only danger I see is if the politicians get into it then they will spend it just like they do with all the revenue they have received since the start of the state.

If this fund is the save all for the state why didn't the legislator's set up a stock fund with all the big bucks they were bringing in when oil was at 140 dollars a barrel. What happened to all that money as if I even need to ask?

I think instead of punishing the residents with a retaliation move we should have a sales tax so all the visitors can help pay for all the services they get to enjoy.

Daniel George

From: Marg Parsons <parsons.marg@yahoo.com>
Sent: Wednesday, July 13, 2016 3:36 PM
To: Senate State Affairs
Subject: SB 5001

To whom it may concern,

I support capping the PFD and using the remaining to help dig Alaska out of this financial hole we find ourselves in.

I'm a retired worker on a small fixed income and am not terribly excited about it but I believe this is a sacrifice for the good of all Alaskans

Thank you,
Marg. Parsons
Sitka

Daniel George

From: Linda <snowbird65548@mtaonline.net>
Sent: Wednesday, July 13, 2016 4:35 PM
To: Governor Bill Walker; Senate State Affairs
Subject: SB 128 or SB 5001 and State budget

Greetings to Governor Walker, my Senate and House District representatives, all other representatives in the legislature:

All the hoopla happening with the State budget is becoming very alarming. I am feeling that the 'no work' being accomplished by the legislature is very harmful and will affect Alaska's ability to thrive. There must be a compromise with the Governor and the Governor needs to compromise as well.

I am not in favor of any taxes without some 'cutting' in other non-essential areas. However, I realize what is non-essential to one is not the same to someone else. What I do firmly object to is the waste. We need to think of the State as a whole and not of individual interests, pocketbooks or positions.

I am not sure which bill this is – be it SB 128 or SB 5001 but I hope you agree with and pass the bill that will make sure that the PFD continues on forever. The PFD is not an entitlement in my mind though everyone seems to think so. Providing the money is spent in a 'wise' manner, I do not object to using part of it for State government ('wise' is the key here). Regarding a sales tax, there needs to be a 'cap' and also a 'sunset clause' so it will go away if and when oil prices go higher. I do not favor an income tax but with one, maybe the 'out of state' fishermen and 'out of state workers on the north slope and elsewhere' will pay their fair share. They have gotten off free for years and years and enjoyed much income from Alaska's natural resources.

Something needs to be done. Alaska's future is at stake here.

And Governor, I hope you compromise. Your list of 'wants' or maybe 'demands' is a bit too much to happen - especially all at once. The spending has been out of control since pipeline days (with no one being held accountable). You can not fix the problem in one year.

Thank you for your time,

I live in Senate District D and House District #7

Linda Page
Wasilla, AK

P.S. I can't believe all the waste of money with the LIO building in Anchorage. Big ideas for nothing and now a lawsuit and purchase of another building??? Can you not see your disturbing ways with this expense and also now for the amount of time you are spending in Juneau and the daily expense to the State for that.

Daniel George

From: Bret Schmiede <mrdurian@gmail.com>
Sent: Wednesday, July 13, 2016 5:11 PM
To: Senate State Affairs
Subject: SB 5001

I support this bill. Please take action to ensure economic security for our future. Thank you.

Bret Schmiede
1880 Evergreen Ave.
Juneau, Ak 99801

Daniel George

From: Ronald Johnson <rajohnson@alaska.edu>
Sent: Wednesday, July 13, 2016 4:27 PM
To: Senate State Affairs; Sen. Bill Stoltze; Sen. Bill Wielechowski
Subject: SB 5001 testimony

My testimony re SB 5001

I support our governor's plan to restructure the PF earnings.
We can't afford a 2 K dividend. If having a big PFD is such a good idea,
then why not 4 K or 6 K? Great for today but a disaster for our future.

I didn't hear folks complaining when we had dividends close to \$ 1000 for many years. I suspect if last years dividend were, say, 5K, some would complain if it were reduced to 4K.

--

Ron Johnson

2113 Jack St
Fairbanks, AK 99709

Daniel George

From: Chad Samskar <csamskar@gmail.com>
Sent: Tuesday, July 12, 2016 11:27 AM
To: Sen. Click Bishop; Sen. John Coghill; Sen. Mia Costello; Sen. Mike Dunleavy; sen.Dennis.Degan@akleg.gov; Sen. Johnny Ellis; Sen. Berta Gardner; Sen. Cathy Giessel; Sen. Lyman Hoffman; Sen. Charlie Huggins; Sen. Pete Kelly; Sen. Anna MacKinnon; Sen. Lesil McGuire; Sen. Kevin Meyer; Sen. Peter Micciche; Sen. Donny Olson; Sen. Bert Stedman; Sen. Gary Stevens; Sen. Bill Stoltze; Sen. Bill Wielechowski
Cc: Rep. Mike Chenault; Rep. Matt Claman; rep.Jim.Clover@akleg.gov; Rep. Harriet Drummond; Rep. Bryce Edgmon; Rep. Neal Foster; Rep. Les Gara; Rep. Lynn Gattis; Rep. David Guttenberg; Rep. Mike Hawker; Rep. Bob Herron; Rep. Shelley Hughes; Rep. Craig Johnson; Rep. Andy Josephson; Rep. Scott Kawasaki; Rep. Wes Keller; Rep. Sam Kito; Rep. Jonathan Kreiss-Tomkins; Rep. Gabrielle LeDoux; Rep. Bob Lynn; Rep. Cathy Munoz; Rep. Benjamin Nageak; Rep. Mark Neuman; Rep. Kurt Olson; Rep. Daniel Ortiz; Rep. Lance Pruitt; Rep. Lora Reinbold; Rep. Dan Saddler; Rep. Paul Seaton; Rep. Ivy Spohnholz; Rep. Louise Stutes; Rep. David Talerico; Rep. Geran Tarr; Rep. Steve Thompson; Rep. Cathy Tilton; Rep. Chris Tuck; Rep. Liz Vazquez; Rep. Tammie Wilson; Rep. Adam Wool
Subject: SB5001
Categories: Bill in Committee

Good afternoon Senators,

I am voicing my opinion regarding SB-5001, and humbly request that you consider overriding the governor's veto which caps the PFD distribution at \$1,000 this year. I'm also requesting that you vote against the proposed changes in this bill and keep the existing legislation contained therein.

When considering the government like a household income; many families (especially lower/fixed incomes) would be faced with tough decisions to cut luxuries from their life's and search for new methods of generating income when faced with a job loss or pay reduction. Not everyone has a nest-egg they can pull from to get through difficult times. Capping the PFD distribution, will severely impact the lower class residents of this state, where the middle class might feel it a little, and the upper class will hardly notice.

I do not believe the Alaska Permanent Fund Corporation should be the only factor in managing these assets, as proposed in Section 5 of this bill. By using the Department of Revenue, this allows a layer of protection from poor decision making. If this system is not broken, why try to "fix it?"

The proposed changes in Section 7 raised my biggest concern. Instead of using the computed 21% net income over a 5-year average income formula, which would have resulted in some of the highest payments over the next few years, the proposed distribution will be determined by the Alaska Permanent Fund Corporations with generally accepted accounting principles. This sounds like the income available for distribution has the potential to fluctuate drastically every year, and more importantly at the discretion of the Alaska Permanent Fund Corporation accountants.

I'm also concerned how the proposed changes in Section 6 are in Alaskans best interest? It sounds like replacing the existing 50% of all mineral lease rentals, royalties, royalty sale proceeds, net profit shares issued after Dec 1, 1979 and 50% of all bonuses received by the state from mineral leases issued after February 15th, 1980, with the proposed 25% calculation, there will remain a previous 25% still unaccounted for... Will this unaccounted percentage be used for funding the government? If so, this is not a solution to the current problem and only enables the out of control spending to continue at the expense of future generations.

It's unrealistic to expect any drastic measures being reflected overnight, but over the upcoming years it should be feasible to realign the state fiscally without destroying the Permanent Fund how it currently is today. As I mentioned in a previous email, I'd rather see the individual recipients of these funds supporting their local communities over funding a bloated government any longer. The people of this state should be given an opportunity to vote for any drastic changes to the permanent fund, and incorporating any new sales tax and/or income tax, which I'd rather see implemented before touching the PFD.

I apologize for any opinions I've expressed that are irrelevant in this matter, and ask that you bare with me as I become more familiar with what is happening in our state.

Thank you all for your time!

Sincerely,

Chad Samskar

csamskar@gmail.com

(907) 398-1843 cell

Nikiski, AK

Daniel George

From: Beverly Mulcahy <bevalaska@yahoo.com>
Sent: Wednesday, July 13, 2016 1:27 PM
To: Senate State Affairs
Subject: Alaska's Budget

My name is Beverly Mulcahy, my legislative districts are senate district D and house district 7 in the Mat-Su. I am in my 60's, born and raised in Alaska and hope to always call Alaska home. I support SB5001 because it carries a sustained, fiscally managed plan with all Alaskans in mind, and provides a realistic and reasonable outlook for us to hold onto the hope that Alaska can remain our home, and home to all of us who love this great State well into the future. I respectfully ask the Legislature to follow my position and support of SB5001.

Sent from Yahoo Mail for iPhone

Daniel George

From: Diana Redwood <redwoodd@hotmail.com>
Sent: Wednesday, July 13, 2016 1:44 PM
To: Senate State Affairs
Subject: I support SB 5001

Dear Legislators,

I want to take this opportunity to express my strong support for SB 5001. These are hard times for Alaska, but I want to live in a healthy community with a strong safety net, and in a state which does not dip into rapidly diminishing savings to keep basic services going. I support the Alaska Permanent Fund Protection Act, and hope that you will as well.

Sincerely,

Diana Redwood

1747 Aleutian St

Anchorage, AK 99508

Daniel George

From: Emily Kane <dremilykane@gmail.com>
Sent: Wednesday, July 13, 2016 1:38 PM
To: Senate State Affairs
Subject: I support SB 5001

Thank you for noting this in the public record
Dr. Emily Kane
Juneau AK

www.DrEmilyKane.com
www.primarydoctor.org
www.naturopathic.org

By: John Davies
Christopher Quist
Van Lawrence
Kathryn Dodge
Diane Hutchison
Matt Cooper
Janice Golub

Introduced: 03/10/2016
Amended: 03/10/2016
Adopted: 03/10/2016
Immediate
Reconsideration Failed: 03/10/2016
Adopted: 03/10/2016

FAIRBANKS NORTH STAR BOROUGH

RESOLUTION NO. 2016 – 12

A RESOLUTION REQUESTING THE ALASKA STATE LEGISLATURE AND
GOVERNOR WALKER TO ENACT DURING THE 2016 LEGISLATIVE SESSION
LEGISLATION TO PROVIDE FOR A BALANCED, SUSTAINABLE, AND
PREDICTABLE STATE BUDGET

WHEREAS, Alaska has relied predominately on the development of its vast oil reserves to fund the majority of state government expenditures over the past 35 years; and

WHEREAS, production of Alaskan North Slope crude oil has steadily decreased over the past 25 years; and

WHEREAS, global oil prices have dropped significantly over the past two years and are projected to remain relatively low for the foreseeable future; and

WHEREAS, the combination of falling oil production, reduced oil prices, and reliance on oil as the primary source of funding for state government has resulted in a massive state fiscal deficit; and

WHEREAS, cash reserves currently being used to cover the existing deficit will be depleted in just a few years, threatening the state's annual dividend program and potentially the state's Permanent Fund itself; and

WHEREAS, the State of Alaska has been duly warned by Standard & Poors that due to the current fiscal imbalance, its credit rating will continue to be downgraded if the Legislature fails to take appropriate action in 2016; and

47 WHEREAS, major business leaders in the state have warned that they
48 would be unlikely to continue making significant commercial investments in Alaska if the
49 Legislature fails to address the fiscal deficit during the 2016 legislative session; and
50

51 WHEREAS, it is clear that a complete fiscal plan to provide a balanced,
52 sustainable and predictable budget will require using a balanced blend of spending
53 reductions, use of the earnings of the Permanent Fund and additional new revenues in
54 the form of broad-based taxes and other general fund sources; and
55

56 WHEREAS, while spending reductions must be a part of any balanced
57 fiscal solution, extreme care must be exercised to not inadvertently cut our way into an
58 economic recession as was done in the 1980's; and
59

60 WHEREAS, continuing to spend down cash reserves in the short-term, will
61 reduce the amount of sustainable revenue we can plan to generate from our current
62 financial assets in the future, resulting in the necessity to increase other sources of
63 revenue in the future to compensate; and
64

65 WHEREAS, difficult decisions that require significant statesmanship are
66 required this year.
67

68 NOW, THEREFORE, BE IT RESOLVED by the Assembly of Fairbanks
69 North Star Borough, that:
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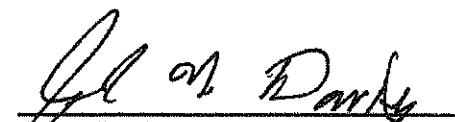
71 Section 1. The Assembly of the Fairbanks North Star Borough calls upon
72 the Alaska State Legislature and the Governor of the State of Alaska to take affirmative
73 and immediate action this year to enact a set of initiatives that will provide for a
74 balanced, sustainable and predictable state budget for the foreseeable future. Further,
75 the Assembly urges gradual budget cuts.
76

77 Section 2. The Assembly appreciates the difficult work of the
78 Administration and the Legislature to put forth possible elements of a complete fiscal
79 plan; and while the Assembly may not support every aspect of the plan to be adopted, it
80 does recognize and appreciate the difficult work in finding a plan that can be enacted
81 this year. The employees and residents of the Fairbanks North Star Borough offer to
82 assist in finding such a plan.
83

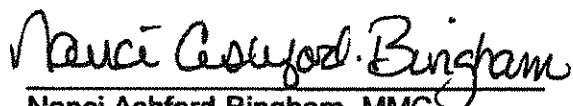
84 Section 3. The Fairbanks North Star Borough Clerk is instructed to
85 transmit a copy of this resolution to every member of the Alaska State Legislature, the
86 Governor, and to local and statewide media outlets.
87

88
89

PASSED AND APPROVED THIS 10TH DAY OF MARCH, 2016.


John Davies,
Deputy Presiding Officer

ATTEST:


Nanci Ashford-Bingham, MMC
Borough Clerk

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93

Ayes: Sattley, Hutchison, Cooper, Golub, Lawrence, Dodge, Quist, Davies
Noes: Roberts

Presented by: The Manager
Introduced: 07/11/2016
Drafted by: M. A. Cosgrove

RESOLUTION OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 2763

A Resolution Urging the Alaska Legislature to Pass a Balanced, Sustainable, and Predictable State Fiscal Plan to Help Ensure Long Term Fiscal Stability for the Citizens of the State of Alaska.

WHEREAS, Alaska's reliance on oil revenues to fund state programs and services has been significantly compromised leaving the State of Alaska with a \$4.0 billion budget deficit for FY17; and

WHEREAS, the cash budget reserves currently being used by the State to cover expenses will deplete the budget reserve in FY18 without further action; and

WHEREAS, major business leaders in the State have warned they would be unlikely to continue making significant commercial investments in Alaska if the Legislature fails to address the fiscal deficit in 2016; and

WHEREAS, Governor Walker has introduced a complete fiscal plan to provide for a sustainable and predictable balanced budget, using the strengths of our existing financial assets, a balanced blend of spending reductions, and additional new revenues; and

WHEREAS, following adjournment of the 2016 regular session and fourth special session of the 29th Legislature, the Legislature did not pass a comprehensive fiscal plan; and

WHEREAS, the new fiscal reality requires the Legislature to demonstrate strong leadership and bold action; and

WHEREAS, the City and Borough of Juneau is concerned about the State's fiscal challenge and recognizes that all levels of government must contribute to the fiscal solution; and

WHEREAS, Alaska's municipalities and economy need fiscal certainty from the Legislature to allow for budget planning and the development of sustainable local budgets that provide for public services; and

WHEREAS, the State Legislature did not pass a comprehensive fiscal plan and instead relied heavily on limited state savings to balance the State's FY17 operating budget; and

WHEREAS, the Governor, in response to the Legislative FY17 budget action made significant vetoes to the State budget, which have over a \$4.5 million negative financial impact to Juneau.

NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

Section 1. The Assembly of the City and Borough of Juneau calls upon the Alaska State Legislature to take affirmative and immediate action during the fifth special session of the 29th Legislature to enact a package of initiatives that will provide for a sustainable and predictable balanced state budget for the foreseeable future.

Section 2. The Assembly of the City and Borough of Juneau appreciates the difficult work of the Administration to put forth one possible comprehensive fiscal solution; and while the City and Borough of Juneau may not support every aspect of this plan, does recognize it as the appropriate foundation for legislative deliberation.

Section 3. The Assembly of the City and Borough of Juneau requests that if a full fiscal plan cannot be achieved this year, then sufficient new revenue must be raised to fund the state's commitment to school debt reimbursement which the Governor vetoed due to a lack of funding.

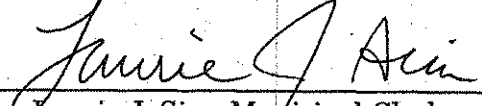
Section 4. The Assembly of the City and Borough of Juneau urges that the Alaska State Legislature engage in meaningful discussions of all fiscal options.

Section 5. Effective Date. This resolution shall be effective immediately after its adoption.

Adopted this 11th day of July, 2016.


Kendell D. Koelsch, Mayor

Attest:


Laurie J. Sica, Municipal Clerk

**CITY OF GUSTAVUS, ALASKA
RESOLUTION CY16-09**

**A RESOLUTION OF THE CITY OF GUSTAVUS EXPRESSING A DEEP SENSE OF URGENCY
FOR THE ALASKA STATE LEGISLATURE TO TAKE IMMEDIATE ACTION DURING THE
FIFTH SPECIAL SESSION OF THE 29TH LEGISLATURE TO PASS ALL NECESSARY FISCAL
LEGISLATION REQUIRED TO PROVIDE FOR A FAIR, BALANCED, AND SUSTAINABLE
STATE BUDGET**

WHEREAS, Alaska has relied predominantly on the development of its oil reserves to fund the majority of state government expenditures over the past 35 years, yet production of Alaskan North Slope crude oil has decreased over the past 25 years; and

WHEREAS, global oil prices have dropped significantly over the past two years and are projected to remain relatively low for the foreseeable future; and

WHEREAS, the combination of reduced oil production, reduced oil prices, and an overreliance on oil revenue as state government's primary source of funding has resulted in a massive state fiscal deficit; and

WHEREAS, Governor Walker has introduced a fiscal plan to provide for a sustainable budget, using the strength of our existing financial assets, a balanced blend of spending reductions, and additional new revenues; and

WHEREAS, during the 2016 regular session and four special sessions of the 29th Legislature, the Legislature failed to enact on this or any other fiscal plan, and continued funding the FY2017 budget from dwindling cash reserves; and

WHEREAS, cash reserves typically used to cover budget deficits now approach depletion, threatening the annual dividend program and the ability of the State government to adequately serve the people; and

WHEREAS, without enactment of a balanced fiscal plan the inevitable reduction in state services will shift major parts of the burden to municipalities; and

WHEREAS, this shift will require significant local tax increases among other painful adjustments; and

WHEREAS, a shift of tax burden further to municipalities such as Gustavus will have dramatic long-term effects on their fiscal viability, without doing anything to solve the underlying fiscal problem,

NOW, THEREFORE, BE IT RESOLVED that:

Section 1. The Alaska State Legislature, during the upcoming fifth special session, enact a comprehensive package of initiatives that will provide for a fair, sustainable, and balanced state budget for the foreseeable future.

Section 2. The Governor's fiscal plan, and his recent administrative actions on the budget and permanent fund distribution, be considered the starting point for legislative deliberation, recognizing that action must be taken to distribute the resulting burden across income levels.

Section 3. The Legislature engage in honest discussions of all fiscal options without regard to perceived negative political fallout.

Section 4. The City Clerk/Treasurer of Gustavus transmit a copy of this Resolution to every member of the Alaska State Legislature, the Governor, and post at three prominent places in Gustavus.

PASSED and **APPROVED** by the Gustavus City Council on the 11th day of July, 2016, and effective upon adoption.



Mike Taylor, Mayor



Attest: Lori Ewing, City Clerk/Treasurer