
Official Election Pamphlet -- Statement in Opposition

Before voting, ask yourself:

1. If more money is needed, should ONLY Alaskans pay? Or should the more than a million tourists and thousands of non-resident commercial fisherman, pipeline and construction workers who come up here to work or play pay at least something?
2. If ONLY Alaskans pay, should all pay the same regardless of income? and
3. Do I trust government to do a better job of spending \$500 of my dividend than I would myself?

If your answer to all is "yes," you should vote for the measure. If "no," vote against it.

Passage would let politicians spend your Permanent Fund's earnings. Future dividends would then decrease, just as if taxed. Consequently, opponents term this proposal a "Permanent Fund Dividend INCOME Tax." Proponents counter it's not at all like a normal tax. Correct. It's much worse. Of all possible taxes, the Dividend "tax" is far the most regressive, unfair and economically imprudent. Children and other Alaskans with only Permanent Fund Dividend income would pay the same amount as multimillionaires. Non-residents would pay nothing.

Numerous studies show dividends provide the greatest collective economic boost to Alaska communities of any state program. Cutting dividends by the initial \$516 would reduce that prospective boost in Anchorage by a whopping \$103,000,000 per year. In Angoon, by more than \$302,000! And that's just the beginning.

Why do both liberals and conservatives oppose the proposition? Liberals realize once Fund earnings are accessed, pressure to extract new sources of wealth to offset even more regressive future dividend "taxes" will evaporate. Conservatives, on the other hand, know pressure to cut spending will disappear. Certainly most legislators won't support new income, spending cuts or more innovative approaches to balancing the budget if allowed to use fund earnings instead.

In attempting to gain your vote, advocates of the "plan" may credit it with the \$1,700 or so the dividend will be this year and next. Make no mistake, the existing law sets your current dividend amount. A "yes" vote can only decrease your dividend. That decrease is projected to be \$516 per person in 2001 and could be greater if politicians "need" to spend more of your money in the future.

Before voting, you'll likely determine which approach would cost you least: other taxes, budget cuts or a "dividend tax." If all dividend recipients, including children, could vote, this proposition would surely fail. Since many cannot, please consider other than your self interest and place statewide interests paramount. And, if that plea proves futile, ask yourself if, rather than span our "Fiscal Gap" through budget cuts and/or new sources of wealth, we should simply transfer money from our savings account into our checking account ... and hand politicians our checkbook!

Jay S. Hammond

Official Election Pamphlet -- Statement in Support

Guarantee your dividend with a YES! vote.

Vote YES and guarantee your dividend for decades to come and put Alaska back on the road to financial responsibility.

Vote no and lose your dividend. It will quickly disappear and the Permanent Fund will shrivel in value.

It's a simple choice.

We no longer have enough oil production to produce the revenues we need to keep vital state services flowing. Even if oil prices doubled, oil production is half of what it was just 10 years ago and continues to decline every day.

Cuts alone will not close the budget gap and will not save your dividend. Alaska has reduced state spending \$235 million over the last three years, and is the only state to actually lower its spending.

Even if we could fire every General Fund state employee, we'd still have a \$300 million deficit.

Even if we could cut all education funding -- we'd still be \$45 million in the hole.

And that doesn't guarantee your dividend.

Others call for taxes:

We could institute a state sales tax -- at a devastating 16% rate and still not close the deficit.

We could impose a state income tax of nearly 9% on every Alaskan and barely close the deficit.

And that still doesn't guarantee your dividend.

Or we could raise oil taxes and make our financial situation even worse. Alaska already extracts some of the highest oil taxes in the world. Increase taxes and we run the very real risk of jeopardizing the continued investment we need to ensure that oil revenues continue to fund our future.

And that still won't guarantee your dividend.

That's the problem we face. Huge deficits -- declining revenues.

Fortunately, Alaskans prepared well. We set up reserve accounts to help us through recent years. We diversified the economy -- and created the Permanent Fund.

A YES vote this September sets in motion a Balanced Budget Plan that provides a healthy dividend -- today and tomorrow. Dividends of \$1,700+ this year and next. Dividends that dip to \$1,300 in 2002 and then continue to grow. It preserves, protects and grows the Permanent Fund, while creating a new revenue stream to help fund essential services, such as education, public safety and roads for our communities.

This is a great start, but it isn't enough. We must continue to reduce state government. The Plan calls for an additional \$30 million of cuts next year.

We must find new revenue sources. The Plan calls for an additional \$100 million of new income over the next three years.

And we need the help of Alaskans. The Plan calls for creation of a Citizens' Task Force to help us through this budget problem.

The Plan is a beginning -- a solid start that will, according to University of Alaska economist Scott Goldsmith:

- Guarantee the dividend for all Alaskans.
- Protect and grow the Permanent Fund for current and future Alaskans.
- Provide a stable, growing revenue stream for general government.

Vote YES and guarantee your dividend.

Governor Steve Cowper
Governor Walter J. Hickel
Governor Bill Sheffield

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