

SB 70, 26, 21

Support

Doniece Gott

From: Anne @ Home <abrooks@ak.net>
Sent: Wednesday, March 08, 2017 9:30 AM
To: Senate Finance Committee
Subject: Budget

Good morning Finance Committee members —

I am writing to express my support for 1) using the Permanent Fund to cover expenses and 2) a state income tax. I arrived in Alaska in 1974 and have paid an income tax in the past. I believe the decades of a free ride for Alaska residents has to stop. In fact, I believe we will continue to have difficulty prioritizing our wants and needs until all residents have some skin in the game. I believe the fiscal crisis for Alaska is very serious and needs a solution in this legislative session.

Please move beyond party lines and find compromise on a solution. That is the best thing for Alaska.

Thank you,

Anne Brooks
1704 Rogers Park Court
Anchorage, AK 99508

Doniece Gott

From: Kathleen Boeckman <kathybeeak@gmail.com>
Sent: Monday, March 06, 2017 4:42 PM
To: Senate Finance Committee
Subject: SB70 and/or SB26

Dear Members of the Senate Finance Committee:

I wish to give my support to SB70 and/or SB26, to protect the Alaska Permanent Fund and to utilize some of its earnings to increase revenue and reduce budget deficits for the State of Alaska.

As an employee and student of the University of Alaska and a 26-year resident of the State of Alaska, I believe that solving the state's budget deficit cannot be accomplished by simply cutting services and cutting the University of Alaska budget.

I believe that SB70 and/or SB26 are fiscally sound options for helping to solve the state's current budget crisis. Use of part of the Alaska Permanent Fund's earnings to support the State of Alaska budget, and capping the Permanent Fund Dividend at \$1,000.00 per person, will allow vital state services to continue to be offered, will prevent draconian cuts to the University of Alaska budget, and will protect the Permanent Fund for the future.

Draconian cuts to the state and university budgets will exacerbate the economic recession already taking hold and will cause significant harm to the functionality of the state and the university.

Although some have argued that capping the PFD at \$1,000/person harms low-income Alaskans disproportionately, they and all Alaskans are much more likely to be harmed by the effects of a severe economic recession caused by further cutting of state and university budgets and the loss of jobs which would result from such actions.

The University of Alaska provides important services for the state, including: research on subjects which affect the citizens of Alaska and beyond; workforce development; educational opportunities for Alaska's youth and citizens in general.

I also believe that the time has come to reinstate an income tax for Alaska. This could, and should, be designed in such a way that low-income residents bear the least tax burden.

If fiscally sound measures such as SB70 and/or SB26 are not adopted now, the State of Alaska will face severe recession, loss of jobs, devaluation of property, loss of an educated workforce, and the exodus of its brightest students to colleges and universities "Outside."

Respectfully,

Kathleen Boeckman
kathybeeak@gmail.com
(907) 351-9454

Doniece Gott

From: mary lee Guthrie <marylee.guthrie@gmail.com>
Sent: Monday, March 06, 2017 5:31 PM
To: Senate Finance Committee
Subject: Support for a sustainable fiscal plan this year....

Dear Members of the Senate Finance Committee,

I want to express my support for a full and sustainable resolution to the gaping hole in state revenues.

Repeated reliance on savings, taking year after year to come to terms with the collapse of petroleum tax revenues has led to liquidation of nearly \$15 billion in legacy capital. The annual earnings lost to Alaska now and for generations to come makes me sick at heart.

Please stop this wanton waste of our capital. And please do not add another year to our fiscal disarray and economic meltdown.

Enact rules based withdrawals from Permanent Fund earnings and get some taxes in place to cover costs of running this state.

In my opinion, years of legislative procrastination have damaged our economy, jeopardized my home value, and diminished opportunities for my kids and grandkids.

I do study state budget numbers and appreciate how much spending has been cut. But I am making a different point, and think that in recent years, our legislators have delivered the most costly budgets in state history because they were paid for by eroding Capital, rather than by real revenues.

Please don't delay again.

Mary Lee Guthrie

SB 70

Support

Senate SB 70 Public Hearing

3/6/17

Good afternoon, Senate Finance Committee Co-Chairs and Members. My name is Dave Hanson. I am a forty-two year Alaskan Resident.

I support SB 70 subject to some modifications and additions. I support the Bill's "Percent Of Market Value" endowment approach for using the Permanent Fund; the 75% to general fund/ 25% to PFD separation for the Earnings Reserve; and limiting the annual PFD to \$1,000 (about equal to the average payout over the past 36 years of 1,100 + dollars).

I suggest the following modifications to SB 70:

1. Use 5% instead of 5.25% for the annual earnings reserve draw. Permanent Fund representatives testified a 4.5% to 5% range was safest.
2. Begin with 5% draw since it will be politically difficult to reduce the draw from 5.25% to 5% after three years.
3. Modify SB 70 inflation proofing with procedures to assure the real value of the permanent fund principal is not eroded over time. In a way, inadequate inflation proofing is a form of spending the Permanent Fund principal and may be unconstitutional.
4. Modify the 4.1 billion dollar spending cap into a spending target since, despite good intentions, such caps are rarely successful, tie our hands in times of crisis, and are abused by redefining operating expenses as capital expenses.

To close the remaining budget gap, three possible additions to SB 70 are:

1. Claw back 75 million dollars of the 100 million dollar previously given to the Alaska Pipeline Development Corporation they plan to use in FY18. Since they can afford to sponsor a musher for \$50,000, they can afford to help with the budget gap.
2. Enact the 16 cent over two year gasoline tax increase. With the two dollar annual variation in pump prices, we will hardly notice it.
3. Bring back the income tax. Out of state workers and the federal government will pay 17% of the tax and Alaskans are willing to accept it as a necessary part of the solution.

Thank you.

Doniece Gott

From: Sarah Barton <sarahbartonak@mac.com>
Sent: Tuesday, March 07, 2017 2:52 PM
To: Senate Finance Committee
Subject: SB 70

Please pass SB 70 and let's start rationally dealing with budget deficit. It is time!

Thanks,

Sarah Barton

President, ConsultNorth

907.223.1631

Sent from my iPhone



March 7, 2017

**Senator Anna MacKinnon
Senator Lyman Hoffman
Senate Finance Committee Co-Chairs
Alaska State Senate
State Capitol, Rm 516
Juneau, AK 99801**

Re: Support for Senate Bill 70

Dear Senator MacKinnon and Senator Hoffman:

The Alaska State Chamber of Commerce (Alaska Chamber) supports the concepts contained within Senate Bill 70.

The Alaska Chamber is a non-profit founded in 1952 working to promote a positive business environment in Alaska. The Chamber is the voice of small and large business representing hundreds of employers and local chambers across Alaska. Our member companies employ over 100,000 hard-working Alaskans.

Alaska is blessed in so many ways, including the resources needed to fix our fiscal problems. Our financial reserves are most certainly under strain and we can't live off savings forever. But our resources are considerable and by working swiftly, collaboratively and wisely, we can close our fiscal gap while encouraging future investment. By cutting the cost of government (living within our means), restructuring the Permanent Fund to protect the dividend and include controlled use of the earnings reserve account to pay for government services, and establishing a statutory appropriation limit will make Alaska stable and predictable again.

The Alaska Chamber supports the Senate Finance Committee's efforts in tackling Alaska's fiscal problems and we look forward to seeing what is developed through the legislative process.

Best regards,

A handwritten signature in black ink that reads 'Curtis W. Thayer'.

**Curtis W. Thayer
President & CEO**

Doniece Gott

From: Orin Seybert <oseybert@gmail.com>
Sent: Tuesday, March 07, 2017 10:58 AM
To: Senate Finance Committee; Sen. Anna MacKinnon; Dermot Cole
Subject: "members of the senate finance committee"

Madame chair, members of the committee, I would like to apologize about my statement to the committee yesterday, apparently I should not have made reference to a HB when you were hearing SB70, et all.

My bottom line is that I totally support your efforts, and will be happy about whatever mix of the three bills you may come up with.

I just hope that the other body will concur this year. As well, I hope that you may reach agreement with the other body as to some of their solutions.

If I could add one thought, as to the issue of "what is the right size of government", I have not seen any comments on the size of the operating budget per capita. Back in 1970 our total population was 300,000, today it is 750,000?

When I asked Dermot Cole about this, he explained the difficulties of defining a total operating budget, but it is in the back of my mind.

Keep up the good work, we appreciate it.

Orin Seybert
1344 W. 7th Ave #A
Anchorage, Ak 99501
(907) 632-5109



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Doniece Gott

From: Larry Persily <1945cubs@gmail.com>
Sent: Tuesday, March 07, 2017 11:38 AM
To: Senate Finance Committee
Subject: SB70 and the Permanent Fund

Senate Finance Committee members,

I am writing as a longtime veteran of state fiscal plan efforts as a deputy commissioner at the Department of Revenue, governor's office staffer, legislative aide, municipal official — and long before those careers, as a private business owner who remembers paying the state gross receipts tax with our annual business license and a state personal income tax in the 1970s.

Alaska needs a long-term fiscal structure that is much more dependable than hopes of higher oil prices and more production, and I believe Senate Bill 70 is a big step — a positive step — in that direction. If you read no further, please mark down my support for legislative efforts to set up a sustainable, annual draw on Permanent Fund earnings to help pay for public services and an affordable dividend for individual Alaskans.

It's time Alaskans looked at the Permanent Fund as a useful tool in building the state budget for education, roads, troopers and social services. There are just not enough oil dollars to do otherwise, and making the Permanent Fund part of Alaska's long-term budget plan is the responsible way forward. The fund should be about serving communities and the state as a whole, not just individuals. Section 1.1 of the Alaska Constitution speaks to our rights and responsibilities as individuals: "... all persons are equal and entitled to equal rights, opportunities and protection under the law; and that all persons have corresponding obligations to the people and to the state." Our obligation as Alaskans is to use public revenues for the collective good, which I believe is the intent of the Permanent Fund legislation before the committee.

I'll admit change is not easy for Alaska, where we have lived essentially tax-free and with Permanent Fund dividends for two generations. But looking ahead, that math no longer works, not if we want to live in a state with good schools and roads, safe communities, healthy children, a strong university system and a stable economy that will attract private investment. Though difficult, this situation is not a surprise. Alaska has relied on the Constitutional Budget Reserve Fund for half the past quarter-century to make ends meet at budget time. And though this day was predictable, I know that does not make your Permanent Fund decisions any easier.

I appreciate your work, your struggles to find the best answers, and I trust this will be the year Alaska moves toward a sustainable fiscal plan. Incorporating the Permanent Fund into that fiscal plan is not the only piece of the financial puzzle, and the next pieces (such as taxes), will be even harder to fit into place. I'd be happy to help with your efforts on those pieces, too.

Larry Persily

Doniece Gott

From: Lee Baxter <leebaxter@gmail.com>
Sent: Monday, March 06, 2017 7:43 PM
To: Senate Finance Committee
Subject: SB 70

Co-Chairs MacKinnon and Kelly,

I write in support of Senate Bill No. 70. The multi-billion budget deficit looms large over our state. Most people I know complain that the Legislature has not taken action sooner to solve the budget deficit. Yet, many of those same people when will also dig their heels in when someone points out that the revenue shortfall cannot be closed in any meaningful way without use of Permanent Fund earnings. These people have the luxury of just complaining without taking action. But you don't because you were elected to fix this situation.

I've spent many of my lunches and evenings sitting through budget presentations by both state and private-sector speakers. Each has pointed out the same thing: that there is no other realistic way to close a \$3 billion budget gap *and* protect the Fund's corpus. I know you've sat through similar presentations and know this same information. I also know that you have constituents telling you that they won't vote for you if you touch the PFD, but they also offer no meaningful alternative. I ask you to do the right thing and vote for SB 70, even if it's not the politically expedient move. You weren't elected to do the easy thing, but to do what is right for the future of our State. Thank you for considering my point of view.

Sincerely,

Lee C. Baxter

SB 70, 26

Support

Doniece Gott

From: Cheryl Frasca <cfrasca@alaska.net>
Sent: Wednesday, March 08, 2017 11:37 AM
To: Senate Finance Committee
Subject: PF Earnings Legislation -- Support

Senators,

I write urging action in approving legislation, such as SB 70 and SB 26) that will use Permanent Fund earnings to support appropriate and effective government services.

Use of earnings is key to financial stability for Alaska's private and public sectors. At the same time I urge you to continue to reduce the recurring costs of state spending (see Commonwealth North's recent report for suggestions).

Regards,
Cheryl Frasca
2415 La Honda Dr
Anchorage, AK 99517

907.258.2331 (land)
907.306.6132 (mobile)

Doniece Gott

From: Harold Hollis <HHollis@whpacific.com>
Sent: Monday, March 06, 2017 4:16 PM
To: Senate Finance Committee
Subject: Public Testimony on SB70 and SB26

Dear Esteemed Legislators,

Hello, my name is Harold Hollis and I live in Anchorage. I am unable to attend the teleconference hearing on March 6, 2017, however I would like to express my views and opinions to you on the subject at hand. First of all, I would like to thank you for providing me the opportunity to provide my testimony via email before your hearing.

We all know our budget deficit is without a doubt the most pressing issue the you will take up this year. If we don't address this issue our savings will be gone in less than two years and so will the dividend.

It's clear to me, my friends, and business associates that we need to use a portion of the Permanent Fund earnings to address our budget deficit. I believe we can all agree there needs to be spending cuts and new sources of revenue, but these alone will not come close to filling our budget deficit. If we don't take this crucial step, we will not only be putting the Permanent Fund Dividend program itself in jeopardy, we will be putting the future financial stability of our State at risk. It is time to make a change in the way we use our revenues from oil and gas royalties and rents, yet preserve the Permanent Fund and Dividend program. **Your action on SB70, or similar legislation, to accomplish a prudent change to better utilize the earnings of the Permanent Fund for long term fiscal stability is critical.**

Why is this important to me? Let me say. I am a 35 year resident of Alaska and have raised my family, including 3 boys, in this great State. I am a licensed professional civil engineer and the Vice President of a major consulting engineering firm here in Anchorage that has supported and helped to build many projects in Alaska, both resource and non-resource development. I have had the privilege to enjoy the best of what Alaska has to offer; the great outdoors, the quality of life, the job opportunities, and the friendships of the wonderful and unique people who live in this great State. I love Alaska and want my children, my grandchildren, and future generations to enjoy what I have and am so grateful for.

Thank you for letting me bring my testimony before you in this email, and I urge you and the legislature to act now, and make changes for the wise and prudent use of a portion of the Permanent Fund earnings to address our budget deficit.

Thank you.

Harold Hollis, PE | VP, Alaska Region

WHPacific, Inc. | 3111 C St, Ste 300, Anchorage, AK 99503

Direct 907.339.6555 | Mobile 907.250.9195 | Fax 907.339.5327 | hhollis@whpacific.com

Doniece Gott

From: Rod Wheelles <rkwheelles@hotmail.com>
Sent: Monday, March 06, 2017 4:52 PM
To: Senate Finance Committee
Subject: SB70 and SB26 Public Hearing

Members of the Senate Finance Committee,

My name is Rod Wheelles, I reside in Senate District K and House Precinct 21 in West Anchorage. I am testifying on my own behalf, but just between us, my wife shares these sentiments also.

Thank you for the opportunity to comment on SB70 and SB26. I am writing to voice my support for these two bills because in my opinion they provide a better solution to the fiscal problems we face than the other proposed bills.

I have been a resident of Alaska for 60 years, attended Alaska schools for kindergarten through 12th grade with a diploma from Dimond High. I have witnessed firsthand all of the events related to the Permanent Fund from the first oil lease sale in 1969 to the recent occurrence of the earnings of the Fund surpassing oil revenue as a source of income to the state.

I have received a Permanent Fund Dividend every year since the first distribution in 1982. There can be no denying that all Alaskans have been blessed by the Permanent Fund and its Dividends, as well as being blessed with the oil revenue that makes the Fund possible. I am writing to tell you without reservation that I am willing to receive a smaller Dividend or no Dividend in order to create a sustainable income stream for the benefit of all Alaskans.

Now that the Fund generates more income than oil, the time has come to restructure the Permanent Fund so it can be a dependable solution to our former "Boom and Bust" fiscal circumstance.

The members of this committee know the pieces of the puzzle that sits before you. You all know that time is running out to act in such a way that more of the Fund is preserved and not less. You all know that even the Dividend is at risk for the future if the right course is not followed from here on.

Many of your constituents may express fear that they will be harmed by the changes that are necessary. What they truly should fear is what will happen if you fail to act. We the citizens of Alaska need you to make the difficult decisions that will ensure we have a stable and healthy economy for generations to come.

I'm counting on you to decide which of these bills is better in the long run. Whether it's SB70 or SB26 is not so important, just that one of them becomes the vehicle of change that will take us forward to a sustainable future. Please act.

Thank you

Doniece Gott

From: Don Fritz <halibut58@yahoo.com>
Sent: Monday, March 06, 2017 9:05 PM
To: Senate Finance Committee
Cc: Sen. Lyman Hoffman; Sen. Anna MacKinnon; Sen. Click Bishop; Sen. Peter Micciche; Sen. Pete Kelly; Rep. Mike Chenault; Sen. Bert Stedman
Subject: SB26 and SB70

Dear Senate Finance Committee Members:

I am writing to express my support of SB26 and SB70. My belief is that due to past inflated budgets, the time to use the Permanent Fund earnings is here. While we can point fingers, we probably all share some fault in the inflated budgets that have been a part of this State's history. The efforts of past governors and legislators to appease people by overspending State wealth is why we currently are in the predicament we are in. Simply put, we failed to live within our means, and we have overspent and been overly generous in handing out inflated PFD checks, including Sarah Palin's throwing away the extra \$1,200 per person "Alaska Resource Rebate" because she believed we were in great financial condition. Times have changed and it is my belief that the Permanent Fund can no longer afford to automatically gift Alaskans a PFD check each year.

I encourage the legislature to protect the corpus of the Permanent Fund, which in my opinion includes inflation proofing. After protecting the corpus of the fund, Permanent Fund earnings should be used, as necessary to cover the cost of government that is not covered by existing revenue through a total draw similar to that proposed by SB70. If after inflation proofing and funding government excess monies exist, perhaps that could be gifted to the people although I would prefer any excess monies to be set aside for future generations. I truly believe that we need to end the entitlement mentality that many people have with regards to the PFD, and the belief that those that earn a decent income than I should pay an income tax so that I and others that do not can still receive a PFD. The PFD should be eliminated before any income tax is placed against the productive workers in this state. Other than that, the PFD will simply serve as a means of redistributing wealth, taking money from the productive members of our society to gift to those who for a variety of reasons are less well off.

While I have a lot of respect for Senator Stedman, I am not in favor of SB21 as I believe that it goes too far in trying to appease Alaskans by continuing inflated PFD checks that we can no longer afford.

Thank you for the opportunity to testify!

Don Fritz

SB 26, 21

Support

Doniece Gott

From: Sofia Fouquet <safouquet@gmail.com>
Sent: Monday, March 06, 2017 7:04 PM
To: Senate Finance Committee
Subject: In support of SB21,26

I am writing in support of bills 21 and 26.

Now is not the time to waiver in the face of hard decision making. We need to elected officials to balance the budget and make the tough choices you were elected to make.

Please support SB 21 & 26, and Alaska's fiscal future!

Sincerely,
Sofia Fouquet

--

Warmly,

Sofia Fouquet

SB 21

Support

Doniece Gott

From: Kpea President <presidentkpea@gmail.com>
Sent: Tuesday, March 07, 2017 11:30 AM
To: Senate Finance Committee
Subject: Budget cuts

Committee Members,

My name is David Brighton, I have three children in our public schools, I am a special education teacher, and current President of Kenai Peninsula Education Association. The budget deficit is the biggest problem our state has faced in decades, and you have some hard decisions to make. I encourage you to make the right decisions. With a low price of oil combined with low output we cannot continue business as usual, and yet we cannot continue to cut programs as a solution to this problem. Yes, we must always find savings and look for efficiencies but that will not balance our budget. The only option is to increase revenues. I support paying an income tax, we have done so in the past. Paying tax will also increase citizen involvement in future budgets which is good. Of course tax alone will not balance the budget either. We must use a portion of the earnings reserve to balance the budget. I prefer HB 115 to the different Senate bills. Of the senate bills I believe SB 21 is probably the best. I have asked you to use a portion of the Permanent Fund earnings reserve for 3 years now and hope you will take action to solve this problem today. We cannot wait any longer.

I encourage you to look at the Senate survey that was taken at the beginning of the session. Talk has begun about making cuts to education. The survey was clear that 42% of Alaskans think education has been cut too much already. Cutting 5% would equate to 50 teachers in our district! That would be devastating! The truth is flat funding would require us to cut over 6 teachers this year. That is unfortunate but something we can live with. Our kids are too important and will not get a second chance at a good education. I am very sad that my boys will not have the opportunity to take French in High School as I did, that position was cut last year. We cannot continue to make these cuts. Please fully fund education.

Even your discussion of cuts has made our school board unwilling to move forward on teacher contracts this month as they did last year. So the best and brightest young teachers are going to begin looking for jobs as they are facing an uncertain future. If they leave then we have to look to replace them later in the summer and the unwritten rule in education is that the best teachers all get contracts in March and April and the quality of the teacher steadily goes down. Please do not use education funding as a bargaining chip! It's not fair to our educators and certainly not fair to our kids!

Thank you for your service to our state, this is not an easy time to be in your position. But please take action, this is too important be timid. As I have said before I will support you and advocate for you in the hard decision to fund our state,

Sincerely,
Dave Brighton