

WILLIAM M. TOPEL

ANCHORAGE, AK 99504

TESTIMONY TO ALASKA SENATE STATE AFFAIRS COMMITTEE
ON GOVERNOR DUNLEAVY'S PROPOSED CONSTITUTIONAL AMENDMENT
TO LIMIT EXPENDITURES – SJR 6

March 25, 2019

To: Senate State Affairs Committee: Senate.State.Affairs@akleg.gov
(844) 586-9085.

Senator Mike Shower	Chair	Senator.Mike.Shower@akleg.gov
Senator John Coghill	Vice Chair	Senator.John.Coghill@akleg.gov
Senator Lora Reinbold	Member	Senator.Lora.Reinbold@akleg.gov
Senator Peter Micciche	Member	Senator.Peter.Micciche@akleg.gov
Senator Scott Kawasaki	Member	Senator.Scott.Kawasaki@akleg.gov

Good evening Chair Shower, Vice-Chair Coghill, and fellow Senators. My name is William Topel from Anchorage. I came to Alaska in 1966 and I'm representing myself. I remember the days of the state government having a balanced budget while also living within its' means. I also remember the formation of both the Permanent Fund and the PFD by bipartisan legislative members of the Republican Party, the Democrat Party, and the Libertarian Party, & Gov. Jay Hammond. I consider myself a fiscal conservative regarding government spending. I erroneously tried to live beyond my means earlier in my life, because I did not learn from the Bible's wisdom in Proverbs 22:7 until later in life, so, since I've learned from my mistake, I'm now encouraging your support for SJR 6, generally, with some caveats.

This proposed constitutional amendment will help protect our Permanent Fund by not tinkering with either the Permanent Fund or the PFD, as per the language in Section 1, paragraph (a) (1) and Section 1, paragraph (b) (1) and Section 1, paragraph (c). Additions to the Permanent Fund, when separated from the usual UGF operations of the state government budget, will help bolster the principal of the Fund which will ultimately lead to higher dividends for the people, as well as a portion available for state government spending should there be less revenue streams from other natural resource development taxes. KEEPING THE PERMANENT FUND AND THE PFD PROGRAM SEPARATE FROM THE STATE BUDGET AND THE

APPROPRIATION PROCESS IS ALSO A LIMITING FACTOR TO STATE SPENDING. The PFD used to be a direct transfer from the Alaska Permanent Fund Corporation to the people, then it was a part of the [REDACTED] until 2017 when it was put into the UGF (Undesignated General Fund) budget portion, unfortunately, making its' appropriation vulnerable to capping by a sitting Governor or the Legislature, as the State Supreme Court has opined. Protecting the Permanent Fund and the PFD is good, because I'm a PFD defender.

One of the possible weaknesses in this proposed resolution is that it does not tie spending to revenue, because it only speaks of limiting appropriations made within the previous 3 fiscal years (Section 1, paragraph (a)), adjusted for population and inflation changes. Accordingly, one may find this proposed resolution not any more effective than our current constitutional amendment on limiting spending, even with the proposed cumulative 50% change in either variable.

To get around this possible weakness, I suggest the legislators also consider some economic/fiscal models that would also include tying in the trailing average of revenues from:

- (1) a 3-year period, or
- (2) a 4-year period, or
- (3) a 5-year period, whichever gives us the lowest revenue average. Once found, then

that language could also be inserted into this proposed constitutional amendment.

We cannot sustain the bloated state government we've had over the past decade plus. We've seen our Statutory Budget Reserve depleted. We are on the verge of depleting our Constitutional Budget Reserve within two years. If these trends are not reversed RIGHT NOW, then it will be the entirety of the Earnings Reserve Account of the Permanent Fund, which includes the people's PFDs, and finally, the Permanent Fund itself that will be extinguished, probably within our lifetime. What a shame that will be on the legislators. To conclude, I generally support SJR 6 with the caveats I mentioned. Thank you for your time and this opportunity to testify.



Jake Almeida

From: Francesca A [REDACTED]
Sent: Thursday, March 21, 2019 3:15 PM
To: Senate State Affairs
Cc: Sen. Mike Shower
Subject: public testimony SJR6

Dear Committee members,

I am in support of SJR6. It's time to limit spending. We must balance the budget.

Thank you,
Francesca Allegrezza



Jake Almeida

From: C Moll [REDACTED]
Sent: Thursday, March 21, 2019 12:16 PM
To: Senate State Affairs
Subject: Testimony SJR6

i support SJR6. Forced Long term fiscal responsibility is good.

Catherine Felt
Kenai



Jake Almeida

From: Barbara McDaniel [REDACTED]
Sent: Thursday, March 21, 2019 4:56 PM
To: Senate State Affairs
Subject: SJR6

To the Senate State Affairs Committee,

I am very happy to hear testimony today from so many people who object to unreasonable state over-spending. I'm sure they do not approve of spending over \$1 billion a year (and growing) on deductible oil tax credits. You heard them. That's a lot of money for no increased production. I do not support SJR6 because Gov. Dunleavy has demonstrated an interest in tinkering with our constitution in several ways, not just over spending limits. I don't trust Gov. Dunleavy and his advisors. I don't want any of them to gain any ground on changing our precious and much admired Alaska constitution.

Thank you.

Barbara McDaniel
[REDACTED]
Wasilla, AK 99623
[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Jake Almeida

From: Support [REDACTED]
Sent: Monday, March 25, 2019 6:26 PM
To: Senate State Affairs
Cc: Laura Bonner
Subject: Oppose SJR 6

Chair Showers and members of the State Affairs Committee

I strongly oppose SJR 6. Limiting appropriations may sound good but it usurps the power of future Legislatures to make decisions on the direction of our great state. Spending limits language should not be in Alaska's Constitution.

Respectfully,
Laura Bonner
Anchorage, AK

[REDACTED]

Jake Almeida

From: Kevin McCabe [REDACTED]
Sent: Monday, March 25, 2019 10:13 PM
To: Senate State Affairs; Sen. Mike Shower; Sen. John Coghill; Sen. Lora Reinbold; Sen. Peter Micciche; Sen. Scott Kawasaki; Sen. David Wilson; Rep. Mark Neuman
Subject: SJR6

Hello,

My name is Kevin McCabe. I have been a resident of Alaska since 1981 and have lived in Kodiak, Anchorage, and now Big Lake. I have flown Air Taxi and cargo all over the State including the North Slope and many many small villages. I am now an international freight pilot and a US Coast Guard retiree. My wife is a Tier 1 State retiree and Alaska is our heart and our home.

I remember many years of prosperity for the state; The heady days of a full pipeline and balanced budgets; of a fishing industry so flush that fishermen were paying off their houses in a single season. Years of robust lumber and mining industries. I have moved oil rigs to Nuiqsut and gold slurry from Nixon Fork. What happened to us? What happened to our state? Why did the past legislatures allows us to sink so far?

I am a fiscal conservative and a small government constituent of Representative Neuman and Senator Wilson.

Section 1, paragraph (a) (1) and Section 1, paragraph (b) (1) and Section 1, paragraph (c) of this proposed constitutional amendment will help protect our Permanent Fund by not allowing tinkering with either the Permanent Fund or the PFD. Additions to the Permanent Fund, when separated from the usual UGF operations of the state government budget, will help bolster the principal of the Fund which will ultimately lead to higher dividends for the people, as well as a portion available for state government spending should there be less revenue streams from other natural resource development taxes.

The PFD used to be a direct transfer from the Alaska Permanent Fund Corporation to the people, then it was a part of the DGF (Designated General Fund) budget portion until 2017 when it was put into the UGF (Undesignated General Fund) budget portion, unfortunately, making its' appropriation vulnerable to capping by a sitting Governor or the Legislature, as the State Supreme Court has opined. Protecting the Permanent Fund and the PFD is vital. I have heard from some of my legislators that the PFD has a huge multiplier effect – (a factor of 9?). Protecting the PFD by removing it from the budgetary process would seem to be the best possible way to increase spending in our state. This will give all State businesses a boost as well as increase funds to those cities that levy taxes. As the federal government has recently proven tax cuts help – across the board. And providing the full PFD is a tax cut.

We cannot sustain the bloated state government we've had over the several decades. And the various governors and legislatures have proven that they cannot be trusted to limit spending. They have, many of them, (no matter how much they deny it) bowed to special interest groups. In fact there are some who are reading this who are guilty of that, even as late as last session. They were, (and are) in fact, part of the creation of our problem.

Our Statutory Budget Reserve is depleted and we are a few short years short of depleting our Constitutional Budget Reserve. Now is the time to put a spending cap in place. If these trends are not reversed the entirety of the Earnings Reserve Account of the Permanent Fund, which includes the people's PFDs, and finally, the Permanent Fund itself, will be extinguished. This could easily happen within our lifetime. Please consider SJR6. Pass it out of committee as written.

Thank you for your time and this opportunity to testify.



Jake Almeida

From: Denise Landrum [REDACTED]
Sent: Monday, March 25, 2019 5:39 PM
To: Senate State Affairs
Subject: Support of SJR6

To whom it may concern,

It's time to tighten the spending belt of Alaska.

I'm in support of this spending cap and reserving funds for our states future rainy days.

Please be better stewards of all funding, both state and federal by seeking input from the boots on the ground, your directors and their subordinates, mostly the subordinates.

I worked in the Dept. of Labor for 12 years and watched as governor after governor disregarded the insight given to them by analyst hired, trained, and holding expert information regarding what's happening in the daily activities in their divisions.

Stop the madness of spending what we don't have. But please cut spending wisely so you aren't cutting federal matching funds. Be thoughtful in seeking information about matching funds from each division before arbitrarily cutting funds just to get the budget to where you want it to be.

Thank you for your time,
Denise Landrum
[REDACTED]

Sent from my iPhone



Jake Almeida

From: kim nelson [REDACTED]
Sent: Thursday, March 21, 2019 5:01 PM
To: Senate State Affairs
Subject: Re: SJR6

SJR6 I support thanks
Kim j Nelson

> On Mar 21, 2019, at 4:58 PM, kim nelson [REDACTED] wrote:

>

> Thank you chair showers and Senators

> I support the budget cap and believe we need to get our house in order and I also support a full PFD. Please listen to the people and put this to a vote as needed.

> Spending has gotten way out of hand and this bill will put it in check and a must need to put into the state constitution. Thanks for your time. And also thank you Senator Rienbold. Your passion on this bill is well noted.

> And although I didn't vote for you Senator Kawasaki you are my neighbor and seem like a reasonable man and thank you for your support of our governor as well.

> Kim j. Nelson

>

➤ Kim j Nelson

[REDACTED]

[REDACTED]

Jake Almeida

From: kim nelson [REDACTED]
Sent: Thursday, March 21, 2019 4:59 PM
To: Senate State Affairs
Subject: SRJ6

Thank you chair showers and Senators

I support the budget cap and believe we need to get our house in order and I also support a full PFD. Please listen to the people and put this to a vote as needed.

Spending has gotten way out of hand and this bill will put it in check and a must need to put into the state constitution.

Thanks for your time. And also thank you Senator Rienbold. Your passion on this bill is well noted.

And although I didn't vote for you Senator Kawasaki you are my neighbor and seem like a reasonable man and thank you for your support of our governor as well.

Kim j. Nelson

Kim j Nelson

