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**From:** Chris Hayes [REDACTED]  
**Sent:** Tuesday, March 10, 2020 2:58 PM  
**To:** House Finance  
**Subject:** HB306

Dear House Finance Committee,

Please vote no on HB306.

This Bill takes money out of the hands of Alaskans, and funds huge public employee pension plans.

Please don't abandon Alaskans for big Government.

Respectfully,

Chris Hayes  
Kenai Alaska

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**From:** Ronald Johnson [REDACTED]  
**Sent:** Tuesday, March 10, 2020 9:11 PM  
**To:** House Finance  
**Cc:** Rep. Grier Hopkins; Rep. Bart LeBon  
**Subject:** HB 306

I support HB306. Especially this year, we can hardly afford any PFD much less the 1606 paid last year.

We need to have a sane approach such as a 80/20 POMV split as a PFD calculation proposed in HB 306. The "old" statutory formula doesn't apply any more. None of our State gov was paid out of PF earnings 35 or so yrs ago when the statute was enacted. So, we could still fund UA etc and pay half the earnings as PFDs. Not true now as a 5 % POMV draw > oil revenue. Even if we had used 80 % of the PF earnings as PFDs 35 yrs ago we still could have funded our government.

Such a policy would be disastrous today.

Ron Johnson

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[REDACTED]  
Fairbanks, AK 99709

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**From:** Jack Tuomi [REDACTED]  
**Sent:** Tuesday, March 10, 2020 10:55 PM  
**To:** House Finance  
**Subject:** House Bill 306 and House Bill 300

I am in favor of the proposed Permanent Fund earning's distribution plan proposed in these bills. We need to continue to provide some dividend to residents as this serves to promote local economies but support for education, UAA and community assistance is critical to the future of our state.

Pam Tuomi

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**From:** Lauren N. Simpson  
**Sent:** Wednesday, March 11, 2020 9:27 AM  
**To:** House Finance  
**Subject:** HB 306 Public Testimony

Passing this along, thank you.

Lauren Simpson  
Office of Rep. Vance  
State Capitol Building #424  
Juneau, Alaska 99801  
(907) 465-2689

-----Original Message-----

From: sullivan@alaska.net <sullivan@alaska.net>  
Sent: Friday, March 6, 2020 11:35 AM  
To: Rep. Sarah Vance <Rep.Sarah.Vance@akleg.gov>  
Subject: New Pom:HB 306 Pfd/gf Approps; Earnings Reserve

Neal Sullivan  
[REDACTED]

NINILCHIK 99639-9146,  
[REDACTED]

I totally disagree with HB 306. PFD, leave it alone. Listen to us, your constituents. Do not steal our money. It's not yours to steal. And I hope all the majority has other jobs to go to as we vote you out in the next election.

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**From:** John Jensen [REDACTED]  
**Sent:** Wednesday, March 11, 2020 10:31 AM  
**To:** House Finance  
**Subject:** AK finances

1. Do nothing to put the permanent fund or the PFD in jeopardy. Plan ahead.
2. Resist the temptation to pay out a big PFD. If we pay no state income or sales taxes we should not be whining about the size of the PFD. I would be grateful again for, say, \$900 of free money. "Mailbox money."
3. I paid a "school tax" through its entirety and paid state income taxes through their entirety. You should have a graduated income tax with fairly high deductions for low income workers.
4. This legislature is going to protect non resident workers (and, by extension, their employers) and the richest among us. No responsibilities for them. I guess state services (education, courts, law enforcement, prisons, the ferry system, parks etc, etc) are free? Some people have more democracy than others, I guess. It works for them.

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**From:** Alvin Smay [REDACTED]  
**Sent:** Tuesday, March 10, 2020 7:03 PM  
**To:** House Finance  
**Subject:** PFD

Not for either bill House 300 and 306. Cut Government more and give full PFDs to the people they can spend it better than the legislature's.

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**From:** George Moerlein [REDACTED]  
**Sent:** Monday, March 09, 2020 4:09 PM  
**To:** House Finance; Rep. Jennifer Johnston  
**Subject:** HB 306

I much prefer HB 306 over HB 300 in that it allows the legislature to annually budget the funds where most needed. However I strongly recommend that the PFD be lessened to 15%, or less, of the amount available from the Permanent Fund. In any event, you must do something constructive to keep the state solvent.

George A. Moerlein  
[REDACTED]  
Anchorage AK 99507

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**From:** JACK SIMMONDS [REDACTED]  
**Sent:** Monday, March 09, 2020 3:24 PM  
**To:** House Finance  
**Cc:** Rep. Jennifer Johnston  
**Subject:** We Need Revenue Not "Fixing" the PFD Funding

Take a deep breath and go back in time to when Alaska had an income tax. We all pulled through and helped pay for those government services to build our state, our community, and made Alaska a great place to live.

Stop the PFD mathematical manipulations, and let's also put in place reasonable progressive taxation on wage earners over a given amount of income, along with reasonable business and corporation taxes. We don't need Libertarian politics, we need leadership and positive governance towards sustaining and enhancing the future of Alaska and its citizens.

That is why you were elected and what your job is now to perform.

Jack Simmonds  
Registered Republican



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**From:** Beth Adams [REDACTED]  
**Sent:** Monday, March 09, 2020 3:03 PM  
**To:** House Finance  
**Subject:** Future of the PFD (House Bills 306 and 300)

I am a 65-year (lifetime) resident of Alaska. I have enjoyed my PFD check every year since the inception of the dividend. However, I fully support restructuring the Permanent Fund Dividend to a sustainable amount. I hope you will ignore those who just "want my dividend" and to "cut government" aren't willing to look at what that means. Your leadership on this is more critical than ever. We are out of time to put on the big kid undies and FIX THIS.

I support HB 306, because it gives future legislatures more flexibility. I understand the desire to protect the university and Alaska communities. I'm not sure what a "community assistance fund" is; I'm sure it's a worthy cause, but I think it's unwise to legislate specific percentages like this.

I also support an INCOME TAX (and SOON) over a STATE SALES TAX.

Thank you,

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Beth Adams  
[REDACTED]  
Anchorage, AK 99516

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**From:** Ed King [REDACTED]  
**Sent:** Monday, March 09, 2020 1:43 PM  
**To:** House Finance  
**Subject:** HB 306 Tesitmony  
**Attachments:** HB306 Testimony.pdf

Please find my testimonial attached.

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*Ed King  
Principal Economist  
King Economics Group*

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**From:** Brad Keithley [REDACTED]  
**Sent:** Saturday, March 07, 2020 1:30 PM  
**To:** House Finance  
**Subject:** Re: HB 306 (Comments and Proposed Amendment)  
**Attachments:** Section-by-Section Summary of the Flat Tax Act (3.6.2020).pdf

As indicated in our previous email on this subject, attached please find a section-by-section summary of the proposed Flat Tax Act. As before, thank you for considering our comments and please do not hesitate to contact me if you have any questions.

On Fri, Mar 6, 2020 at 9:00 AM Brad Keithley [REDACTED] wrote:

Attached you will find our initial comments, in the form of an explanation of and proposed amendment to HB 306.

As explained in our comments, the bill as written relies on a revenue approach that, according to independent studies, has the "largest adverse impact" on the overall Alaska economy and Alaska families of all of the various options. The proposed amendment offers an approach that raises the same amount of revenue as proposed in the bill, but in a more equitable manner. Instead of using an approach that has the "largest adverse impact," it distributes the impact equitably among all Alaskans and non-residents deriving income from or connected with a source in the state.

The amendment includes statutory language establishing a flat tax. We will provide a section-by-section summary of the proposed legislation before Monday.

Thank you for considering our comments. Please do not hesitate to contact me if you have any questions.

*Brad*

**Brad Keithley**  
**Managing Director, Alaskans for Sustainable Budgets**

Email: [REDACTED]  
[REDACTED]



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*Brad*

**Brad Keithley**  
**Managing Director, Alaskans for Sustainable Budgets**

Email: [REDACTED]

Web: [REDACTED]



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**From:** Rita A Davila [REDACTED]  
**Sent:** Friday, March 06, 2020 6:47 AM  
**To:** House Finance  
**Subject:** NO. to HB 306

Follow the statue in paying the PFD. NO change without the vote of Alaskans. Add in a constitutional spending cap. Enough of the spending and using our PFD to pay for it.

Rita M Davila  
[REDACTED]  
Wasilla, AK. 99654

Sent from my iPhone

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**From:** Chris Hayes [REDACTED]  
**Sent:** Wednesday, March 04, 2020 1:53 PM  
**To:** House Finance  
**Subject:** Walker Play book

House finance committee,

It is becoming very apparent to the public that you're "save the PFD" strategy is straight out of Bill Walker's Playbook. Less money for Alaskans, more money for big government and special interest.

Please have more faith in the Alaskan people. Believe it or not, Alaskans are capable of making decisions on how to spend their portion of the PF without you wizards doing it for them.

Cut the budget.  
Full PFD by State statute.

Respectfully,

Chris Hayes  
Kenai Alaska



[www.kingeconomicsgroup.com](http://www.kingeconomicsgroup.com) • Phone: (907) 699-6788 • [ed.king@kingecon.com](mailto:ed.king@kingecon.com)

March 9, 2020

Re: HB 306

House Finance Committee Members:

While I applaud your effort to align the PFD formula with the new definition of income available for distribution, I do not support section 2 of House Bill 306. I understand that there are political complications that play into your decision to pursue this path - including the difficulty in getting an alternative revenue measure through the legislative process. There is also a timing issue at work. Implementing a new tax would likely take at least a year to complete. Meanwhile, we must address the deficit now, and it appears to be growing.

Seeing as a reduction to the PFD can raise revenues immediately, and seeing as the last four years have demonstrated a political willingness to increase revenues in this way, it is understandable that you view this approach as a way forward. I also empathize with a reluctance to break a statutory guideline in the same year it passes. Therefore, the desire to fix the law, and also make it feasible in the near-term, is logical. However, I believe there is a better way forward. I provided an amendment at the bottom of this letter for you to consider.

The most significant objection I have to changing the statutory language to reduce the PFD share from 50% to 20% is that it deflects from solving the underlying issue. HB 306 is an alternative to raising revenues through direct taxation or further decreasing government spending. And, if this bill becomes law, there would be no new effort to seek alternative solutions. Therefore, the proposal simply avoids the broader conversation. There are many different ways to solve the state's current financial issues. I believe using the single most regressive option as the only tool to do so is irresponsible.

This provision has the same effect on households and the economy as raising roughly \$1.4 billion as a head tax levied exclusively on Alaskans. The question you should ask is whether or not an equal contribution from every Alaskan, regardless of their socioeconomic status or the cost of living in their place of residence, is the most equitable way to raise the money you feel is needed. It is my opinion that it is not.

It also may be premature. Although current market conditions are grim today, there are many situations in which future revenues will increase to the point that a bigger PFD is affordable. For example, if the citizen's initiative called the "Fair Share Act" passes this fall, there would be ample revenues in the short-run without reducing the PFD below 50% of the POMV. Or, if that effort fails, increased investment should result in increased future revenues that render the proposal superfluous. The proposed statutory change would prevent a more significant distribution from occurring, even if it is affordable. Instead, those additional revenues would likely follow the same path as excess revenues in



our past – budget growth. While many Alaskans support the need to reduce PFDs to address the immediate problem, most would not support getting less of their resource wealth so that the government can grow further.

Therefore, I recommend fixing the conflicting provisions in the current law, but delaying any changes to the share of the earnings that go to the PFD. There are options for dealing with the near-term predicament without overreacting to the bottom of the market cycle. However, you should continue to evaluate the long-term issue in case those problems do turn out to be structural.

For now, you must address the deficit in the FY21 budget that passed your body. Along with the assumed capital budget and a full PFD, we have an implied deficit of at least \$1.7 billion. Given the current collapse in the oil and equity markets, that number may be more substantial. Passing HB306 with the proposed amendment would leave an anticipated budget gap of between \$800 million and \$1.2 billion while staying below the POMV limit.

You can close that gap, and all anticipated future deficits, by diverting the planned \$4 billion transfer from the ERA to the CBR rather than the principal account. Such a transfer would allow the next several budgets to balance under the new law while oil prices recover, and as new oil developments come online. It also provides time to develop a long-term strategy that incorporates information that will reveal itself over the next few years. This transfer would occur in addition to the POMV transfer to the general fund in FY21. Because a transfer to an account that is subject to further appropriation is not an appropriation in itself, it would not violate the POMV limit. And, because this money was mostly diverted from past statutory PFD distributions to help fund the government, it does not belong in the Permanent Fund. It is more appropriate to place it in the CBR and to use it as intended.

**Proposed amendment:**

On page 2, line 4: delete “20” and insert “50”

On page 2, line 7: delete “80” and insert “50”

Add a new section 2, and renumber accordingly, that reads:

AS37.13.140(b) is amended to read:

“The corporation shall determine the amount available for appropriation each year. The amount available for appropriation is 5.25 percent of the average market value of the fund for the first five of the preceding six fiscal years, including the fiscal year just ended, computed annually for each fiscal year in accordance with generally accepted accounting principles, **but may not exceed net income of the fund for the fiscal year just ended plus the balance in the earnings reserve account described in AS 37.13.145.** In this subsection, “average market value of the fund” includes the balance of the earnings reserve account established under AS 37.13.145, but does not include that portion of the principal attributed to the settlement of State v. Amerada Hess, et al., 1JU-77-847 Civ. (Superior Court, First Judicial District).”

On page 3, line 11: add “or the retirement trust”

Throughout section 7: delete "Permanent Fund Dividend task force" and insert "Revenue Options task force"

On page 4, line 4: insert a new line that reads "(3) a comparison of scenarios in which alternative revenue options would reduce or negate the need to change the permanent fund dividend, including the difference in distributional, economic, social, and fiscal impacts between such scenarios."

#### Explanation of amendment

- This amendment preserves the historical relationship of fund earnings – distributing 50% to the people. But, it does result in a smaller calculated PFD due to the POMV treatment of inflation proofing in the determination of available income.
- The inclusion of the "may not exceed" provision closes a gap in the statute that is silent on what happens if there is not enough money to make the transfer. Section 3 is unclear in an instance where the funds for a full transfer are not available. For example, if only 80% of the POMV calculation is available in the ERA, it may result in no PFD. The proposed language would split whatever is available rather than asking the legislature to decide how to use the limited available funds.
- The addition of the retirement trust recognizes that such a transfer is not an expenditure. It is merely a change in where the money sits while it generates the earnings for future benefit distributions. Transferring money to the retirement trust does not increase the size of government. It just rearranges the state's balance sheet and reduces the call on general fund revenues to meet our pension obligation.
- It is worthwhile to develop a strategy for dealing with the state's financial issues. However, the evaluation should *not* be limited to using a change in the PFD as the only solution. It is better to come to the table with all the available tools in the toolbox. This evaluation should include consideration of new taxes, changes to existing tax levies, alterations to petroleum property tax collections, further spending reductions, fixing the appropriation limit, changing the state/local government relationship, and any other option that could close the financial gap.

In closing, I urge the passage of HB 306 with the offered amendment. Otherwise, I do not support the bill. I encourage the legislature to address the conflict in the law but discourage you from adopting a hasty long-term solution to what may be an exaggerated short-term problem. There are options to manage near-term financial issues while working toward a more complete and equitable lasting strategy. I hope you take that path.

Respectfully,

*Ed King*