

HOUSE FINANCE COMMITTEE
March 21, 2002
9:14 A.M.

TAPE HFC 02 - 58, Side A
TAPE HFC 02 - 58, Side B
TAPE HFC 02 - 59, Side A
TAPE HFC 02 - 59, Side B (not used)
TAPE HFC 02 - 60, Side A
TAPE HFC 02 - 60, Side B
TAPE HFC 02 - 61, Side A

CALL TO ORDER

Co-Chair Williams called the House Finance Committee meeting to order at 9:14 A.M.

MEMBERS PRESENT

Representative Bill Williams, Co-Chair
Representative Eldon Mulder, Co-Chair
Representative Con Bunde, Vice-Chair
Representative Eric Croft
Representative John Davies
Representative Richard Foster
Representative John Harris
Representative Bill Hudson
Representative Ken Lancaster
Representative Carl Moses
Representative Jim Whitaker

MEMBERS ABSENT

none

ALSO PRESENT

Representative Lisa Murkowski; Representative Peggy Wilson;
Representative Gary Stevens; Representative Ethan Berkowitz;
Representative Jeannette James; Representative Joe Hayes;
Representative Sharon Cissna; Representative Andrew Halcro;
Representative Gretchen Guess; Representative Charles
Chenault; Representative John Coghill; Representative Beth
Kerttula; Representative Drew Scalzi; Representative Kevin
Meyer; Speaker Brian Porter; Representative Harry Crawford

JUNEAU TESTIMONY

Mary Lou Spartz; Cindy Cashen; Joe Sonneman; Matt Felix; Pam
Watts; Jay Hogan; George Rogers; Dixie Hood; Don Etheridge

PRESENT VIA TELECONFERENCE

ANCHORAGE

Ed Earnhart; Delisa Culpepper; Frank Dillon; R.B. Stiles;
John Shively; Pat Senner; Dale Bonadurant; Kip Knudsen;
Terry Martin; Richard Snyder; David Paperman; Eugene
Kulawik; Arthur Curtis; John Blaine

BETHEL

Bario Notti

FAIRBANKS

Richard Heacock; Taber Rehbaum; Eileen Cummings; Margaret
Wilson; Annette Freiburger; Marta Mueller; Fred Dean; Jennie
Bell-Dean; Carl Benson; Jeri Lanier; Carl Benson; Henry
Cole; Andy Harrington; Pat D. Sweetsir

HOMER

Mary Griswold; Bruce Hendrickson; Charles Davis

KENAI

Robert Wiseman; Dayne Clark

KETCHIKAN

Don Westlund

KODIAK

Pat Carlson; Mike Milligan; Dr. Bob Johnson; Dave Jones

MAT-SU

Larry Meshkin; Jim Watenpaugh; Doug Millard; Ted Cremer

PETERSBURG

Roxane Lee; Tom Laurent; Brian Lynch; Marilyn Menish Meucci

SEWARD

Jerry Dixon

SITKA

A.E. Tony Zimmer; Tom Conley; Steve Bradshaw

WRANGELL

Bob Robbins; John Baker; James Stough; Woody Wilson; Mac McMurren; Kenneth Mason; Robert Prunella; Don McConachie; LaTonnie Barlow; Janell Privett

OFFNETS

Paula Harris; Ed Martin, Cooper Landing; Dr. Johnson; Walter Sampson, Nana; Roswell Schaeffer, NW Arctic Borough; Glenn Skin; Mike Reeves; Sandra Dauenhauer; Mailyn Booth; Mike Rieves; William Arnold; Helen Nienheusser; Linda Reynolds; Craig Lingle

#HB20

#HB229

#HB303

#HB304

SUMMARY

**STATEWIDE TESTIMONY ON REVENUE MEASURES
on the following bills:**

HB 20 An Act relating to state aid to municipalities and certain other recipients, and for the village public safety officer program; relating to municipal dividends; relating to the public safety foundation program; and providing for an effective date.

Discussed and HELD in Committee.

HB 229 An Act imposing a tax on employment; and providing for an effective date.

Discussed and HELD in Committee.

HB 303 An Act relating to the levy and collection of a sales tax; and providing for an effective date.

Discussed and HELD in Committee.

HB 304 An Act relating to disposition of income of the permanent fund; and providing for an effective date.

Discussed and HELD in Committee.

Co-Chair Williams called the House Finance Committee meeting to order. He stated that there would be statewide testimony taken on possible revenue options available to the State and announced that each sponsor would provide a brief introduction on each bill.

REPRESENTATIVE GARY STEVENS spoke to HB 229, proposing that it be a part of a long-term fiscal plan. The cost would be

\$100 dollars per year and would be paid by every individual, 19 years of age and older. It would also include the self-employed and would be deducted from the first two paychecks after January 1st of each year. He added that there is a provision contained in the bill that would prohibit the tax from being taken more than once per year. The administrating costs for the program would be \$117,400 dollars. The amount of revenue that would in raised would be \$38 million dollars. He noted that it would be deposited into the general fund and accounted for separately. It could be used for education.

Representative Stevens advised that in the House Labor and Commerce Committee, the state income tax was attached to it. He requested that be removed.

Vice-Chair Bunde stated that the myth that the proposed bill is an education should not be perpetuated. He encouraged the sponsor to not call it an education tax. He commented that he does not oppose the head tax, but the false information should not continue.

Representative Stevens acknowledged that it is a tax on employment.

REPRESENTATIVE JIM WHITAKER introduced HB 304. Representative Whitaker noted that the bill had gone through the House State Affairs Committee with significant discussion. The work draft that evolved from those discussions is provided. From the earnings of the Earnings Reserve Account, \$200 million dollars would be transferred to the general fund in the initial year and thereafter; the \$200 million dollars would be the inflation factor and the population factor. He indicated that was the essence of the bill.

Representative Hudson inquired the procedures for offering amendments.

Co-Chair Williams replied that would occur tomorrow.

REPRESENTATIVE JOHN DAVIES provided a brief introduction to HB 401, which would increase motor fuel tax. He emphasized that it is not a sales tax on gas and indicated that it would increase from eight cents to eighteen cents a gallon. He advised that Alaska had a motor fuel tax before statehood at four cents a gallon and it was a dedicated fund. In 1961, that amount was increased to eight cents per gallon and has stayed at that amount ever since. Alaska is the lowest paying state in the nation in terms of the motor fuel tax.

Representative J. Davies added that the bill proposes to create a special highway maintenance account in the general

fund and place all the revenues from the eighteen cents per gallon would go into that account, approximately \$57 million dollar).

Representative J. Davies added that additionally, he proposes that all the revenues generated from the Division of Motor Vehicles (DMV) would be placed into that account—approximately \$24 million dollars. He proposed that the expense of running the DMV office and maintaining the State highways would be appropriated from those funds for that purpose. There would be approximately \$18 million dollars that could be used for highway maintenance.

He interjected that this would not be a dedicated fund and would create approximately \$75 million dollars for running highway maintenance. He claimed that with those two sources of revenue, there could be an annual revenue stream that could be enough to run the State's highways.

Representative Hudson asked the anticipated net increase in new revenues.

Representative Davies replied that would be approximately \$30 million new dollars.

Representative Hudson noted that it would not include marine fuel taxes.

Representative Lancaster noted that there is a marine fuel highway tax already.

Representative J. Davies responded that the road maintenance and the marine highway system are two separate budgets.

Representative Hudson pointed out that the marine highway fuel is purchased out of Puget Sound and there are no taxes on those sales.

Representative JEANNETTE JAMES asked the amount needed to do a "good" job in taking care of the highways.

Representative Davies responded that number was approximately \$83 million dollars as received by the Department.

Representative James commented that a couple of years ago that the amount was much more. She asked about the connection to the increase maintenance rather than just filling the gap. She thought that the issue was very different than filling the gap and not addressing maintenance.

Discussion followed between Representative Davies and Representative James regarding how the increase motor fuel

tax would be used and if the public would benefit from it with increased services.

Representative Lancaster asked if the same multiplier would be used as used in the revenue safe share communities of \$1800 dollars a lane mile.

Representative J. Davies did not know the detail of the calculation. He added that the aviation costs had been included in the number, which he has. Some highway maintenance stations do both so some of those numbers are difficult to divide.

Representative Moses stated that the bill is very important. He commented on the relationship between the Alaska Marine Highway and the motor fuel tax and recommended that the intent of the Legislature be mentioned.

STATEWIDE TESTIMONY

ROXANNE LEE, PETERSBURG, noted strong opposition to HB 303 and testified in opposition to any new sales tax. She spoke in favor of a statewide income tax.

TONY ZIMMER, SITKA, testified in opposition to new or additional State sales tax.

Vice-Chair Bunde asked if he supported the premise of some sort of tax for State services.

PAT CARLSON, KODIAK, spoke in support of the proposed head tax and in opposition to any additional sales tax. He noted support for the motor fuel tax.

MIKE MILLIGAN, KODIAK, stressed the need to raise the tax on motor fuel and voiced support for HB 401. He commented that the last time that tax was raised was 1961. He stressed the need to keep State ferries running.

BOB ROBBINS, WRANGELL, testified in opposition to any new sales tax. Mr. Robbins testified in favor of a statewide income tax.

JOHN BAKER, WRANGELL, testified in opposition to additional sales tax and testified in favor of a statewide income tax.

JAMES STOUGH, WRANGELL, testified in opposition to any new or sales taxes.

Representative Hudson asked the percentage of the local tax base, which consists of sales tax, and the percentage of the property tax.

Mr. Stough responded about half.

WOODY WILSON, WRANGELL, testified in opposition to any new or additional sales taxes. He warned that adding more taxes would be devastating to business in Southeast Alaska. Businesses are currently stressed. He claimed that a sales tax would not be in the best interest of "who pays what" and the non-residents contribution. He compared those figures to a statewide income tax.

Vice-Chair Bunde shared his view. He claimed that Alaskans for 20 years have asked that "someone" else pay their dues. He claimed that an income tax, there would be only 10% earned through non-residents fee and would amount to \$13,000 dollars. He did not think that would generate a lot of revenue.

Co-Chair Williams requested that testifiers not be challenged.

Representative Davies agreed. He pointed out that an income tax would have a fairer base than the proposed statewide sales tax. He reiterated that an income tax would be a more fair system.

MAC MCMURREN, WRANGELL, testified in opposition to any additional sales tax. He claimed that such a tax would devastate the Wrangell area. Mr. McMurren testified in support of using the income of the permanent fund.

RICHARD HEACOCK, FAIRBANKS, represented members of all "faiths". He testified in favor of a statewide income tax and urged that it be adopted immediately.

TAPE HFC 02 - 58, Side B

TABER REHBAUM, FAIRBANKS, testified in support of using the earnings reserve and testified in favor of a statewide income tax. Ms. Rehbaum voiced her support for implementation of an alcohol tax. She claimed that budgets cuts are no longer a way to address the State's fiscal gap.

EILEEN CUMMINGS, FAIRBANKS, testified in opposition to additional sales tax. She testified in favor of a statewide income tax. Ms. Cummings voiced support for HB 401 and alcohol tax.

ANNETTE FREIBURGER, FAIRBANKS, voiced support for an enhanced alcohol tax. She testified in favor of a statewide income tax.

MARTA MUELLER, FAIRBANKS, testified in favor of a statewide income tax, while voicing support for HB 304, HB 225, and HB 401.

ED MARTIN, COOPER LANDING, spoke in support of an increased gas tax. He added support for an education tax. Mr. Martin encouraged the State to place an increase of 20% tax on the oil companies. He testified in strong opposition to an additional sales tax unless it was implemented only for the summertime.

FRED DEAN, FAIRBANKS, testified in favor of a statewide income tax and voiced support for development of new revenue sources. Mr. Dean proposed capping the Permanent Fund Dividend (PFD). He noted his appreciation for the work done by the fiscal policy council.

WALTER SAMPSON, NANA, testified in favor of a statewide income tax. He added support for HB 225 and the proposed school tax. He added support for a cruise ship tax. He stressed that a sales tax would be devastating to rural Alaska.

ROSWELL SCHAEFFER, NORTHWEST ARCTIC BOROUGH, encouraged the Legislature to look at a statewide fiscal plan. He urged support of a school and liquor tax. He noted that a limit on the PFD would benefit the State. Mr. Schaeffer testified in opposition to any additional statewide sales taxes. He thought that a gas tax would be difficult for the rural communities to meet.

ED EARNHART, ANCHORAGE, testified in favor of a statewide income tax. He believed that a sales tax would not be fair as many communities already have a high one.

DELISA CULPEPPER, ANCHORAGE, spoke in support of an increased alcohol tax.

FRANK DILLON, PRESIDENT, ALASKA TRUCKERS ASSOCIATION, ANCHORAGE, spoke against an increase to fuel tax. He commented on how it would affect Anchorage and the communities surrounding it.

R.B. STILES, ANCHORAGE, spoke in support of a progressive broad based tax and the utilization of the earnings from the permanent fund. He commented that the taxes should not be implemented all at the same time because of the "shock" it will have to the State's economy.

JOHN SHIVELY, ANCHORAGE, testified in support of using the income earnings from the permanent fund. Mr. Shively spoke in favor of implementing a statewide income tax over having a sales tax.

ROBERT WISEMAN, KENAI, commented that he did not support any new taxes and that the budget should be further reduced. Mr. Wiseman added his support for using the income of the permanent fund.

DAYNE CLARK, KENAI, testified in favor of a statewide income tax. Mr. Clark voiced opposition to any additional sales tax and support for using the income from the permanent fund and capping it.

MARY LOU SPARTZ, JUNEAU, testified in opposition to additional sales tax. She added that she did not support imposing an education tax, as that should be part of a "larger idea" for taxation. Ms. Spartz testified in support of using the income from the permanent fund. She claimed that it was never intended to 100% support of the State government. Ms. Spartz voiced her support of a statewide income tax.

CINDY CASHEN, MADD, JUNEAU, spoke in support for an increase to the alcohol excise tax.

JOE SONNEMON, JUNEAU, urged that the State avoid dedicated funds and force agencies to come to the Legislature each year. He added that dedicated funds take away the power of the Legislature to make decisions. He stated that people "like" dedicated funds and often times tax themselves too much. The Founders of the Constitution did warn the State to avoid that type of funds. Mr. Sonnemon testified in favor of a statewide income tax and in opposition to any additional sales tax.

PAM WATTS, JUNEAU, voiced support for an increase alcohol tax.

SANDRA DAUENHAUER testified in support of using the income of the permanent fund. She voiced her opposition to additional sales tax.

MAILYN BOOTH noted her support of using the income of the permanent fund.

MIKE RIEVES, HOLLIS, testified in favor of a statewide income tax. He voiced opposition to any additional sales taxes.

TOM CONLEY, SITKA, testified in support of revenue measures. He added favor of a statewide income tax. Mr. Conley voiced opposition to any additional sales tax. Mr. Conley noted his support for an increased alcohol tax and an increased gas tax. Mr. Conley stressed his opposition to any additional sales taxes.

STEVE BRADSHAW, SITKA, testified in support of revenue generating measures as soon as possible. He added his opposition to additional sales taxation. Mr. Bradshaw testified in favor of a statewide income tax.

TAPE HFC 02 - 59, Side A

GLENN SKINS, testified in favor of a statewide income tax and in opposition to any additional sales taxation.

MARY GRISWOLD, HOMER, testified in support for using the income generated from the permanent fund. She added her support of a statewide income tax.

PAT SENNER, PRESIDENT, ALASKA NURSES ASSOCIATION, ANCHORAGE, voiced support for HB 225 and an increase to the alcohol tax to at least ten cents per drink.

KIP KNUDSEN, ANCHORAGE, voiced his support of stabilizing the State's revenue source and further spending reductions.

TERRY MARTIN, ANCHORAGE, commented that Alaska does not have a revenue gap and voiced his support for a 50-50 program. He opposed cutting the budget and implementation of a cruise ship taxes. Representative Martin testified in support of using the income from the permanent fund.

KENNETH MASON, WRANGELL, testified in opposition to additional sales tax.

DAVE JONES, KODIAK, testified in support of finding new revenue measures. He added his support for a statewide income tax. Mr. Jones spoke in support of using the income of the permanent fund. He added his support for an increased alcohol tax and gas tax. Mr. Jones voiced strong opposition to additional sales tax.

JERI LANIER, FAIRBANKS, testified in favor of a statewide income tax and voiced strong support for an increased alcohol tax. Ms. Lanier spoke in support of an increased gas tax. She testified against an education tax.

Representative Davies pointed out that home heating fuel was not being included in the proposed fuel tax.

CARL BENSON, FAIRBANKS, testified in favor of a statewide income tax. Mr. Benson voiced support for leaving the Permanent Fund as it is. He noted his support for an increased gas tax. He pointed out that if the current gas tax were doubled, it would amount to five cents less than the national average. Mr. Benson testified in opposition to any additional sales taxes.

TOM LAURENT JR, PETERSBURG, testified in opposition to additional sales taxation. He thought that having a sales tax would make the State lose their tax exemption in Washington State. Mr. Laurent voiced favor of a statewide income tax. He suggested making some major Alaska highways, toll roads.

JERRY DIXON, SEWARD, voiced concerns regarding education in the State of Alaska and testified in favor of a statewide income tax.

DARIO NOTTI, BETHEL, testified in support of enhancing revenue measures. Mr. Notti spoke in support of an increased motor fuel tax and in favor of a statewide income tax. Mr. Notti voiced support for further cruise ship taxation. He noted strong opposition to additional sales taxation, but if it were essential for a full plan then it should be very small. He voiced support for using the income of the permanent fund.

BRUCE HENDRICKSON, HOMER, testified in favor of implementing a statewide income tax. He voiced opposition to any additional sales taxes.

DR. BOB JOHNSON, KODIAK, voiced concerns about any further budget cuts. He noted his support for using the income from the permanent fund. Dr. Johnson testified in favor of a statewide income tax and opposition to any additional sales taxation.

RECESSED: 11:25 A.M.
RECONVENED: 1:55 P.M.

TAPE HFC 02 - 60, Side A

JAY HOGAN, JUNEAU, advised that the Permanent Fund needs to be handled wisely and all the income to the fund is already considered general fund money. Mr. Hogan spoke against inflation proofing the fund. He distributed and referenced his handout. [Copy on File].

Mr. Hogan commented on the types of things that other states use their "permanent fund type accounts" for. He pointed out that some states use this type of fund to adequately support education. He assumed that if education were taken off the table, budgetary restraints would still be necessary, however, the foundation formula would continue to be substantially driven by the Legislature. He advised that any budget would "stumble" over the financial needs of such a large program. He claimed that education would be the

best program to designate for the use of the permanent fund earnings.

Mr. Hogan stated that the funds in the Constitutional Budget Reserve (CBR) have not served the intended purpose.

In response to queries by Vice-Chair Bunde, Mr. Hogan explained that Alaska Housing Finance Corporation (AHFC) had been capitalized out of the general fund.

REPRESENTATIVE GRETCHEN GUESS questioned the reaction to the political feasibility for fully funding the education program.

Mr. Hogan explained that a separate endowment would not be needed. He recommended a similar plan, as used by the State of New Mexico. Traditionally, Alaska has spelled out fund sources. Mr. Hogan did not believe that the "style" of appropriation would need to be changed.

Representative Hudson agreed with the comments made by Mr. Hogan suggesting that the dividend is Alaska's "rainy day" account.

DON WESTLUND, KETCHIKAN, spoke in support for an increased gas tax. Mr. Westlund proposed that the State adopt both a resident and non-resident income tax. He testified in support of using the income of the permanent fund. He added support of providing the current dividend to only those that currently receive it and then it be discontinued with the person either no longer resides in Alaska or dies.

BRIAN LYNCH, PETERSBURG, testified in opposition to additional sales taxes. Mr. Lynch advised that sales taxes are regressive and that they are not deductible on federal income taxes.

LARRY MESHKIN, MAT-SU, suggested further budget cuts, suggesting an additional 12% cut in spending in the State's operating budget.

JIM WATENPAUGH, MAT-SU, spoke against new taxes. He acknowledged that the gap must be addressed. He voiced his support for a State sales tax.

LINDA REYNOLDS reiterated comments made by Mr. Watenpaugh. She questioned the cost associated with the administration of "programs". Ms. Reynolds spoke to the serious recession occurring within Alaska. Ms. Reynolds voiced support for cutting the budget except to necessary services. She stressed that the people of the State want serious budget cuts. Ms. Reynolds testified against implementing a statewide income tax and urged responsible Legislative

spending. Ms. Reynolds emphasized her opposition to using the income of the permanent fund.

LATONNIE BARLOW, WRANGELL, testified in opposition to any State sales taxation. She testified in favor of a statewide income tax.

TAPE HFC 02 - 60, Side B

CHARLES DAVIS, HOMER, testified in favor of a statewide income tax. He recommended that the price for the State's resources should be increased in order that the State makes more money.

CARL BENSON, FAIRBANKS, stressed that Alaska is now faced with state level decisions. He testified in favor of implementing a statewide income tax and in support for an increased tax to gas. Mr. Benson voiced support of using the income from the permanent fund. He voiced strong opposition to a statewide sales tax.

HENRY COLE, FAIRBANKS, indicated his support for a statewide income tax. Mr. Cole voiced opposition to a statewide sales tax.

RICHARD SNYDER, ANCHORAGE, testified in favor of a statewide income tax and opposition to using a State sales tax.

DAVID PAPERMAN, ANCHORAGE, testified in favor of a statewide income tax. Mr. Paperman voiced his opposition to reducing the State dividend. He commented on the need for continued public safety and voiced opposition to any cuts to that type service.

EUGENE KULAWIK, ANCHORAGE, testified in support of using the income from the permanent fund. Mr. Kulawik testified in favor of implementation of a statewide income tax.

ARTHUR CURTIS, ANCHORAGE, testified in favor of a statewide income tax. He thought that would be the most simple and fair way to increase revenue for the State and that people of Alaska have an obligation to pay those taxes. Mr. Curtis noted his support for using the income from the permanent fund.

JOHN BLAINE, ANCHORAGE, testified in favor of a statewide income tax. She added her support for using the income of the permanent fund.

JANELL PRIVETT, WRANGELL, voiced support whatever fiscal plan the Legislature determines. She noted support for using the income of the permanent fund and capping the

dividend. She maintained that the dividend is a "gift". She added that it is essential that education be fully funded.

DIXIE HOOD, JUNEAU, voiced opposition to HB 303 and to implementation of a State sales tax. She stressed that it would not be fair to implement a sales tax statewide. Ms. Hood voiced support for a statewide income tax and of an increased gas tax. Ms. Hood voiced support for an increased alcohol tax. She added her support for using the income from the permanent fund. She urged that the Legislature demonstrate leadership in providing a good fiscal policy. She pointed out that broad based taxes are supported statewide.

DON ETHERIDGE, AFL-CIO, JUNEAU, noted his support for implementing a statewide income tax.

MARILYN MENISH-MEUCCI, PETERSBURG, testified in support of using the income of the permanent fund. She noted her support for a statewide income tax. She recommended that a fund be established for education from the Permanent Fund money. Ms. Meucci recommended that the State consider discontinuing property tax reduction for seniors and voiced strong opposition to a State sales tax.

RECESS: 3:15 P.M.
RECONVENE: 6:15 P.M.

TAPE HFC 02 - 61, Side A

DOUG MILLARD, MAT-SU, voiced support for a State sales tax. Mr. Millard voiced support for limitations to be put on State spending. He testified against implementing a statewide income tax.

TED CREMER, MAT-SU, voiced support for a State sales tax.

ANDY HARRINGTON, FAIRBANKS, voiced support for a State sales tax. He commented that there is a benefit in collecting taxes from tourists. Mr. Harrington testified in favor of implementing a statewide income tax.

PAT SWEETSIR, FAIRBANKS, voiced concerns about the cuts to the mental health budget and the cuts to the Village Public Safety Officer (VPSO) budget cuts.

GAIL IGO, ANCHORAGE, testified in support of revenue generating measures. She voiced her concern about the education system statewide.

MAXINE RADER, ANCHORAGE, testified in favor of a statewide income tax. She added her opposition to using the income of the permanent fund and testified against implementing a statewide income tax.

DENNY WEATHERS, CORDOVA, recommended further cutting the Legislature's funding. He added his support in moving the Legislature to Anchorage. He thought that would save costs. Mr. Weathers spoke against taxation of any kind.

TOM BOUTIN, JUNEAU, testified in support of a State income tax. [Copy of testimony on file].

BARBARA MILLER, MAT-SU, voiced support for further budget cuts. She noted her support for a State sales tax and statewide property taxes.

WILLIAM MILLER, MAT-SU, spoke in support of further budget cuts. He noted his support for a State sales tax but noted his support for food and medicine exemptions. Mr. Miller testified against implementing a statewide income tax.

RECESSED: 6:35 P.M.
RECONVENED: 6:44 P.M.

HARRY EATON, KENAI, testified in support of revenue measures. Mr. Eaton testified against implementing a statewide income tax. He stressed that less than one third of Alaskans would carry the burden of the income tax.

JOHN MALTAS, ANCHORAGE, testified in support of revenue measures. Mr. Maltas voiced his support of a statewide income tax.

RECESSED: 6:48 P.M.
RECONVENED: 7:02 P.M.

PAT MARLEY, MAT-SU, Spoke in opposition of any new taxes.

JERRY MCDONNELL, ANCHORAGE, testified in favor of a statewide income tax. Mr. McDonnell mentioned that if there is a statewide sales tax that there should be exemptions for food.

PATRICK CLARK, ANCHORAGE, spoke in opposition of any new taxes and recommended that there be further budget cuts.

JULIE CLARK, ANCHORAGE, urged that there be further budget cuts.

RECESSED: 7:08 P.M.
RECONVENED: 7:13 P.M.

The Committee adjourned at 7:15 P.M.