

**ALASKA STATE LEGISLATURE  
HOUSE SPECIAL COMMITTEE ON WAYS AND MEANS**

January 21, 2004  
8:00 a.m.

**MEMBERS PRESENT**

Representative Mike Hawker, Chair  
Representative Vic Kohring  
Representative Dan Ogg  
Representative Ralph Samuels  
Representative Peggy Wilson  
Representative Max Gruenberg  
Representative Carl Moses

**MEMBERS ABSENT**

Representative Bruce Weyhrauch, Vice Chair  
Representative Norman Rokeberg

**OTHER LEGISLATORS PRESENT**

Representative Paul Seaton

**COMMITTEE CALENDAR**

RECAP INTERIM  
MEMBERS OPEN FORUM

**TAPES**

**04-02, SIDE A**

**CHAIR MIKE HAWKER** convened the meeting of the House Special Committee on Ways and Means at 8:00 a.m. Representatives Hawker, Samuels, Kohring, Wilson, Gruenberg, Moses, and Ogg were present at the call to order. Representative Seaton was also in attendance.

**SUMMARY OF INFORMATION**

CHAIR HAWKER expressed his appreciation for the committee's participation in the town meeting process throughout the interim. He stated that the dialogue that the committee engaged in with people throughout the state was well received, and he felt that this effort was reinforced by the fiscal policy letter that was signed by more than 30 organizations calling for

leadership on the fiscal policy issues facing the State of Alaska.

CHAIR HAWKER directed the committee to the fiscal policy letter in the packet. He said the letter sets three guidelines in addressing the state's fiscal concerns: budget discipline, new uses of permanent fund earnings, and the institution of a broad-based tax.

CHAIR HAWKER also reiterated the fact that the call for leadership from the public is a loud one, particularly as the legislature moves forward in making decisions for the state as a whole.

REPRESENTATIVE OGG commended Chair Hawker for taking the initiative to conduct meetings throughout the state and noted that the meeting in Kodiak was well received and the sentiment in that community is that "the time is now, let's fix it".

REPRESENTATIVE OGG proposed that the committee address the spending cap issue and what it means to "live within our means" for the state, as there is an interesting dichotomy between a \$650-million budget cut to balance the budget and the dismantling of state services.

REPRESENTATIVE GRUENBERG stated that the committee's public hearings tour throughout the state brought the legislature to the people. He recommended that subcommittees be formed to assess and find government efficiencies, as well as analyze the application of a Washington State organization model to the situation currently faced in Alaska.

CHAIR HAWKER responded by stating that he had considered the formation of subcommittees; however, wanting to offer fair and full results, he would like to address these issues as a whole committee.

REPRESENTATIVE GRUENBERG commented that he would like the subcommittees to address oversight functions and a spending plan in the form of a concurrent resolution.

CHAIR HAWKER suggested that he would like the committee to assess the revenue measures and the effects of legislation passed last session. He also wanted to work together with the bond rating agencies in assessing the consequences of having no fiscal plan and suggested conducting a hearing on the subject.

REPRESENTATIVE WILSON expressed her concerns about the credit rating as well, particularly if nothing is done to address the fiscal issues this session. She said that those facts are important for [the state legislature] to know.

REPRESENTATIVE GRUENBERG expressed concerns about the problems with the pension funds and the need to address that issue.

REPRESENTATIVE OGG reiterated his concerns about what would happen to Alaskan society if the legislature proceeds down the road of budget cuts.

CHAIR HAWKER stated that the wealth in Alaska is being taken from the state by out-of-state workers and the extraction of resources, with nothing being left behind. He suggested that there is the ability to generate revenue from people earning wealth and taking it out of state.

REPRESENTATIVE GRUENBERG commented on offshore revenue sharing.

REPRESENTATIVE WILSON gave her opinion on the importance of the local sales tax for the coastal communities. She also stated that once people understood the concept of percent of market value (POMV) they generally said, "Go for it." She added that Sitka also has a fund to support its municipal government that generates a 6 percent annual payout, and that fund has continued to grow. She stated that the process of educating the public with regard to the POMV concept and the fiscal issues facing the state is very important.

#### **ANNOUNCEMENTS**

There were no announcements.

#### **COMMITTEE ACTION**

The committee took no action.

#### **ADJOURNMENT**

There being no further business before the committee, the House Special Committee on Ways and Means was adjourned at 8:30 a.m.

NOTE: The meeting was recorded and handwritten log notes were taken. A copy of the tape(s) and log notes may be obtained by contacting the House Records Office at State Capitol, Room 3, Juneau, Alaska 99801 (mailing address), (907) 465-2214, and

after adjournment of the second session of the Twenty-Third Alaska State Legislature this information may be obtained by contacting the Legislative Reference Library at (907) 465-3808.