

HOUSE FINANCE COMMITTEE  
FOURTH SPECIAL SESSION  
June 14, 2016  
5:05 p.m.

5:05:37 PM

CALL TO ORDER

Co-Chair Thompson called the House Finance Committee meeting to order at 5:05 p.m.

MEMBERS PRESENT

Representative Mark Neuman, Co-Chair  
Representative Steve Thompson, Co-Chair  
Representative Dan Saddler, Vice-Chair  
Representative Bryce Edgmon  
Representative Les Gara  
Representative Lynn Gattis  
Representative David Guttenberg  
Representative Scott Kawasaki  
Representative Cathy Munoz  
Representative Lance Pruitt  
Representative Tammie Wilson

MEMBERS ABSENT

None

ALSO PRESENT

Laraine Derr, Self, Juneau; Bill Corbus, Self, Juneau; Bob Bartholomew, Finance Director, City and Borough of Juneau; D. Douglas Johnson, Self, Juneau; Xochitl Lopez-Ayala, Self, Juneau; Amy Jo Meiners, Teacher, Self; Barbara Huff Tuckness, Teamsters Local 959, Juneau; Representative Ivy Sponholz; Representative Sam Kito; Representative Bob Herron; Representative Liz Vasquez; Representative Craig Johnson; Representative Charisse Millett; Representative Louise Stutes; Representative Cathy Tilton; Representative Mike Chenault; Representative Lora Reinbold; Representative Gabrielle LeDoux.

PRESENT VIA TELECONFERENCE

Geraldine Ness, Self, Sitka; Jake Jacobsen, Self, Kodiak; Rich Seifert, Self, Fairbanks; Aaron Lojewski, Self, Fairbanks; Merrick Pierce, Self, Fairbanks; Cheryl Keepers, Self, Fairbanks; David Fox, Self, Anchorage; Douglas Blattmachr, Self, Anchorage; Brittany Christiansen, Self, Metlakatla; Mary Nordale, Self, Fairbanks; Rynda Hayes, Self, Wrangell; Mary Hart, Self, Soldotna; Denise Nyren, Self, Kenai; Mary McCarthy, Self, Soldotna; Mary Jo Mettler, Self, Soldotna; Mary Shannon Summner, Self, Bethel; Nancy Henricksen, Self, Kenai; Don McNellis, Self, Anchorage; Pamela Samash, Self, Nenana; Warren Russell, Self, Juneau; William Deaton, Self, Cordova; Mary Nanuwak, Self, Bethel; Zach Fansler, Self, Bethel; Bill Warren, Self, Nikiski; Brendon Hopkins, Self, Soldotna; Fred Sturman, Self, Soldotna; George Pierce, Self, Kasilof; Lee Collins, Self, Kenai; Jesse Bjorkman, Self, Nikiski; John Burnett, Self, Kodiak; Cheryl Stevens, Self, Eagle River; William Scannell, Self, Anchorage; Ed Martin, Self, Cooper Landing; Lloyd Perry Allen, Self, Fairbanks; Bret Bradford, Self, Cordova; Roy Sumner, Self, Wasilla; Michael Ward, Self, Eagle River; Eileen Ward, Self, Eagle River; Adam Smith, Self, Ketchikan; Michael Chambers, United for Liberty, Anchorage; Charles McKee, Self, Anchorage; Eric Hughes, Self, Anchorage; Craig Mollerstuen, Self, Anchorage; Jerry Alderman, Self, Anchorage; Andy Holleman, President, Anchorage Education Association, Anchorage; Rocky Dippel, Self, Anchorage; Curtiss Clifton, Self, Anchorage; Cathy Mosher, Self, Willow; Kent Mosher, Self, Willow; Shannen Connelly, Self, Palmer; Mark Fish, Self, Big Lake; David Eastman, Self, Wasilla; Mike Coons, Self, Palmer; Stephen Wright, Self, Wasilla; Mary Pete, Self, Bethel; Abigail St. Clair, Self, Wasilla; Steve St. Clair, Self, Wasilla; Andrew Wright, Self, Wasilla; Daniel Lynch, Self, Soldotna; Michael Koons, Self, Sterling; Joe Demaree, Self, Kenai; Helvi Sandvik, Self, Anchorage; Doug Smith, Self, Anchorage; Don Jones, Self, Anchorage; Dave Bishop, Self, Anchorage; Joelle Hall, Director of Operations, AFL-CIO, Chugiak; Tina Pidgeon, GCI, Anchorage; Jenifer Nelson, Self, Anchorage; William Wailand, Self, Anchorage; Tom Lakosh, Self, Anchorage; Harry Crawford, Self, Anchorage; Sharon Alden, Self, Fairbanks; Lance Roberts, Self, Fairbanks; Paul Kendall, Self, Anchorage; Karen Perry, Self, Chugiak; Mitchell Wilcoxon, Self, Anchorage; Michael Schmidt, Self, Anchorage; Robert Davis, Self, Wasilla; Albert Ningeulok, Self, Shishmaref; Bruce Galloway, Self, Soldotna; Lynette Clark, Self, Fox; Alana Davis, Self, Eagle River; Von Terry, Self, Seward; Maureen More, Self,

Anchorage; Andree McLeod, Self, Anchorage; Lois Epstein, The Wilderness Society, Anchorage; Philip Treur, Self, Anchorage; Richard Shafer, Self, Anchorage; David Hymas, Self, Anchorage; Annette Gwalthney Jones, Self, Anchorage; Rick Hitz, Self, Anchorage; Diana Redwood, Self, Anchorage; Leah Sholz, Self, Anchorage; Holly Kain, Self, Fairbanks; Chad Samskar, Self, Kenai; Warren Wright, Self, Anchorage; Ed Larrivee, Self, Anchorage; Lowell Perry, Self, Anchorage; Jeremiah Emmerson, Self, Homer; William Reiner, Self, Anchorage; Bob Fassino, Self, Wasilla; Doug Tansy, Self, Fairbanks; Sam Moore, Self, Anchorage; Pam Goode, Self, Rural Deltana; Tami Morrill, Self, Anchorage; Helen PaaJan, Self, Eagle River; Bill Akins, Self, Anchorage; Janet McCollough, Self, Palmer; Glenn Mullins, Self, Kenai; Stephen Wehmeier, Self, Palmer; Shirley and Gerald Dewhurst, Self, Big Lake; William Lambert, Self, North Pole; Ross Mullins, Self, Cordova; Michael Vurazo, Self, Anchorage; David Boyle, Self, Anchorage.

#### SUMMARY

SB 128 PERM. FUND:DEPOSITS;DIVIDEND;EARNINGS

SB 128 was HEARD and HELD in committee for further consideration.

Co-Chair Thompson discussed the meeting agenda.

#SB128

CS FOR SENATE BILL NO. 128(FIN)

"An Act relating to the Alaska Permanent Fund Corporation, the earnings of the Alaska permanent fund, and the earnings reserve account; relating to management of the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska) by the Alaska Permanent Fund Corporation; relating to procurement by the Alaska Permanent Fund Corporation; relating to the mental health trust fund; relating to deposits into the dividend fund; relating to the calculation of permanent fund dividends; relating to unrestricted state revenue available for appropriation; and providing for an effective date."

[5:07:18 PM](#)

^PUBLIC TESTIMONY

GERALDINE NESS, SELF, SITKA (via teleconference), spoke in support of SB 128. She did not want to lose her Permanent Fund Dividend (PFD) but believed that if the legislature did not act immediately the PFD would not be around long. She stated that it was the first step needed to prevent an economic crisis in Alaska. She agreed that the state needed to consider other revenue sources and make some budget cuts. She believed the bill gave the needed time to make those other changes. She stated that Alaskans needed the legislature to protect the PFD, the state's economy, and their way of life. She urged the committee to support the legislation.

[5:08:26 PM](#)

JAKE JACOBSEN, SELF, KODIAK (via teleconference), opposed SB 128. He stated that the bill impacted his 20-plus family members. He discussed that taking half of the PFD and putting almost the same amount into oil tax credits was unconscionable. He did not understand why the state wanted to pay for oil companies to look for oil. Additionally, the bill did not address other issues like ongoing spending on megaprojects - specifically the gasline project, which he believed was a pipedream. He restated his opposition.

[5:09:40 PM](#)

RICH SEIFERT, SELF, FAIRBANKS (via teleconference), spoke in favor of using Permanent Fund earnings for valid state purposes. He had lived in Alaska since the creation of the fund and he believed the state was in a situation where it was necessary to use earnings for public purposes. However, he agreed with the previous speaker that he did not want to see the money used to pay for tax incentives to the oil industry. He had never seen any intent to use the Constitutional Budget Reserve (CBR) or Permanent Fund to give money away to the oil industry, but he thought it was the desire of the Senate. He thought Permanent Fund earnings should be used for necessary services; however, he did not want to see any of the money going to tax credits for the oil industry.

[5:11:08 PM](#)

AARON LOJEWSKI, SELF, FAIRBANKS (via teleconference), referred to a document titled "Short-run Economic Impacts

of Alaska Fiscal Options" by economist Gunnar Knapp and others at Institute of Social and Economic Research (ISER). The study had analyzed the impacts of what different deficit reductions would do to the state economy. He pointed to language in the study specifying that PFD cuts would have the greatest short-run effects on income. He stated that all of the other options had a lower impact on the economy. The study estimated that for every \$1.00 taken away in a dividend tax would cut the economy by \$1.40. He listed other options including a 2 percent property tax, 3 or 4 percent sales tax, flat-rate income tax, progressive income tax, decreased state workers, cuts to the capital budget, and more. He emphasized that cuts to the PFD would be the most harmful way to fill the deficit. He strongly urged the committee to not pass the bill. He added that the cut represented a tax on children. He suggested exempting children from the cut if it occurred. He stated that the legislature would literally be taking money away from babies. Alternatively, he noted that there would be no negative short-term impact if the legislature chose to use Permanent Fund earnings that were not going to the dividend and would otherwise be saved in the earnings reserve; therefore, he could support that approach.

[5:13:20 PM](#)

MERRICK PIERCE, SELF, FAIRBANKS (via teleconference), opined that a balanced approach was necessary. He expounded that the governor had tried a reasonable approach, but it had been rejected by the Senate. He stated that the current proposal was not balanced and would be highly recessionary. He noted that there were 100,000 residents in the Fairbanks Northstar Borough; if the cut was 1,000 per resident it would be a \$100 million direct hit to the borough's economy. He relayed that PFD dollars recirculated in the economy an estimated four times. He believed Alaskans would pay more if they knew the final plan was comprehensive, equitable, and fair. He explained that Alaskans needed to know their money was being spent responsibly. He pointed to areas where money was not being spent responsibly, such as legislators accepting per diem much higher than their actual expenses. Additionally, he believed the legislature could meet biannually instead of every year. He believed the state needed to end corporate welfare. He credited the House for trying to come up with a balanced plan, but it had been rejected by the Senate. He opined that the state needed a fair return for oil. He elaborated that based on

the current price of oil there was about \$25.75 million worth of oil left Alaska per day. He stressed that the current tax structure was essentially tax free. He believed it was time for the legislature to adjourn and come back the next year with a new legislature to fix the problems in a comprehensive way.

[5:15:28 PM](#)

CHERYL KEEPERS, SELF, FAIRBANKS (via teleconference), was not as concerned about the PFD reduction to individuals. She did not believe it was a necessary piece of government, which she saw as being responsible for providing infrastructure and services for the quality of life Alaskans hoped to enjoy. However, she did believe the state needed to look at increasing revenues. She did not believe the government services were overly bloated. She encouraged the legislature to remain on task. She did not want the legislature to get to the point where there were no options other than eliminating the PFD.

[5:16:40 PM](#)

DAVID FOX, SELF, ANCHORAGE (via teleconference), encouraged members to support SB 128. He stated that the single most important aspect for the House to take action on was to restructure the PFD. He stressed that the Permanent Fund had been designed for the purpose at hand. He believed immediate action was necessary. He emphasized that next year the state would face even more dire circumstances if action was not taken. He understood the bill was imperfect; however, as a compromise measure, the bill did more to protect Alaska than anything else currently available. He believed the financial situation facing the state cut across party lines. He underscored that if action was not taken there would be nothing left in the PFD to support those who count on it most. He quoted former President John F Kennedy "a man does what he must, in spite of personal consequences, in spite of obstacles and dangers and pressures; and that is the basis of all human morality." He implored the legislature to support the legislation.

[5:18:50 PM](#)

DOUGLAS BLATTMACHR, SELF, ANCHORAGE (via teleconference), spoke in support of SB 128. He stated that there was not any other reasonable method to make the state solvent. He

stated that he lived in Alaska when the Permanent Fund had been established and it had been set up for this purpose. He elaborated that people had known oil revenue would run out one day and that the fund was available to help the state continue to operate.

[5:20:07 PM](#)

BRITTANY CHRISTIANSEN, SELF, METLAKATLA (via teleconference), spoke against the bill. She did not want half of her PFD to be taken away. She remarked that she was planning a trip. She wondered why the dividends were being cut. She hoped the legislature did not take half of her dividend.

[5:21:15 PM](#)

MARY NORDALE, SELF, FAIRBANKS (via teleconference), testified in support of the legislation. She had been the commissioner of the Department of Revenue (DOR) from 1984 to 1986. She discussed that in 1986 the price of oil had tanked and Alaska had fallen into worse economic straits than at present. She did not want to fall into the disaster that had occurred in the late 1980s. She strongly urged the committee to pass the legislation. She discussed that the state had not yet recovered from the 1986 disaster in many ways. She stressed that there was no reason to compound the loss from the late 1980s by failing to utilize the available funds to balance the budget - not at the level the state would like - but to keep it balanced in order to maintain a strong credit rating, services, and for the economy to remain strong enough to sustain the state over the next few years until revenues increased.

Co-Chair Thompson acknowledged Representative Lora Reinbold's presence in the room.

[5:23:02 PM](#)

RYNDA HAYES, SELF, WRANGELL (via teleconference), spoke in support of the bill. She was worried about the state's economy.

[5:23:25 PM](#)

MARY HART, SELF, SOLDOTNA (via teleconference), supported SB 128 because she believed using a portion of Permanent

Fund earnings was the only thing that would make a dent in the deficit. She understood that spending cuts had been made in the past few years and that it was likely more were needed; however, cuts and tax increases did not come close to dealing with the deficit. She also believed using the funds would help keep the state's reliance off the price of oil to create the budget, which would stabilize many programs such as education funding. She reasoned that if the legislature acted at present the state could extend its budget reserve savings, continue to grow the Permanent Fund, and ensure that the PFD would exist for years to come. She stated that if action was delayed until the following year solutions to the deficit would become much more difficult in the future as savings dwindled. She was concerned about the state's economy and jobs. She encouraged members to support the bill.

[5:25:17 PM](#)

DENISE NYREN, SELF, KENAI (via teleconference), spoke in support of the legislation. She believed it was very important to look at the idea in order to avoid job loss. She reasoned that companies would not always invest in a state in economic crisis. She was concerned about a potential downgrade in the state's bond rating. She looked at the bill as an opportunity to save the PFD so that children in the future had access to the fund.

[5:26:39 PM](#)

MARY MCCARTHY, SELF, SOLDOTNA; MARY JO METTLER, SELF, SOLDOTNA; MARY SHANNON SUMMNER, SELF, BETHEL (via teleconference), spoke against a cut to the PFD, especially for what she believed was likely to end up going towards corporate welfare to oil companies. She believed oil companies needed to be taxed appropriately. She opined that a cut to the PFD would hurt some of the most vulnerable populations in the state. She pointed to people who depended on the income - often in areas where subsistence was challenged by environmental changes. She stressed that the cut would take away funds from children who needed the money. She stated that there were very few economic opportunities in rural Alaska.

[5:28:26 PM](#)

NANCY HENRICKSEN, SELF, KENAI (via teleconference), testified against SB 128. She did not want her dividend taken. She shared that she used her PFD to pay her taxes and to eat. She believed there were other ways to bring income into the state. She suggested a hemp industry. She stated that there were many products made with oil that could be made with hemp. She believed the hemp industry was going to "explode" across America and that it would benefit Alaska if it was a front runner. She reiterated her need for the PFD. She spoke to corporate welfare. She stressed that she did not want the legislature taking her money.

[5:30:32 PM](#)

DON MCNELLIS, SELF, ANCHORAGE (via teleconference), testified against the bill. He believed there were other ways to bring in revenue. He stated that the bill would do away with the PFD, which he believed was wrong. He believed the governor needed to start sending out pink slips to state employees. He had personally had to cut his own expenses. He spoke to the need to cut government.

[5:31:53 PM](#)

PAMELA SAMASH, SELF, NENANA (via teleconference), spoke against the bill. She would rather see responsible cuts in budgeting than taking the PFD. She explained that families relied on the dividend to buy their children winter clothing and supplies. She stressed that the cut would be a huge blow to individuals with mouths to feed. She stated that it would also hurt the economy as a whole since most businesses counted on the PFD as part of their budget. She noted that legislators with other ideas on ways to fix the budget should be heard.

[5:32:56 PM](#)

WARREN RUSSELL, SELF, JUNEAU (via teleconference), strongly supported SB 128. He relayed that it was important to his family to ensure that the fiscal viability of the state remained and that public services continued. He stressed that spending cuts and tax increases were not nearly enough on their own to take care of the current deficit. He believed the use of Permanent Fund earnings was a viable option to help reduce or remove the deficit for the next fiscal year. He stressed that if the legislature did not act in the current year, fiscal solutions would become far

more difficult and savings would continue to deplete. The bill would ensure that the state could extend its CBR, grow the Permanent Fund, and ensure that the PFD existed going forward even if it was capped at \$1,000.

[5:34:26 PM](#)

WILLIAM DEATON, SELF, CORDOVA (via teleconference), spoke against the bill. He believed the legislature needed to cut the budget to \$4.5 billion and then look at possible revenue sources like the ISER model specified. He remarked that the legislature had failed to cut Planned Parenthood funding, or education, and had not sold the Alaska Marine Highway System (AMHS). He did not support Planned Parenthood. He believed education should be left primarily to local school boards. Additionally, he believed the legislature should consider selling AMHS to a private company. He stated there were many paths to fixing the economic crisis, but he did not support using the PFD. He asked the committee to vote against the legislation.

[5:35:45 PM](#)

MARY NANUWAK, SELF, BETHEL (via teleconference), testified against the bill. She relayed that she did not have any money despite the fact that she had worked for years. She thought the legislature should realize that other revenue sources outside of oil and gas were necessary to help fund state government. She emphasized that the wealthy oil companies should pay the proper fees and should be fined accordingly for things like oil leaks. She stressed that people in rural areas were suffering because they paid the highest cost of living costs. She did not like it when legislators wanted recognition or to be awarded for things - she stressed that it was not the reason a person ran for office. She countered that people were supposed to run for office to help their constituents. She believed certain individuals were always trying to confuse things. She thanked various legislators for their work over the years including Representative Les Gara, Senator Bill Wielechowski, Representative David Guttenberg, Representative Scott Kawasaki, Representative Bryce Edgmon, Senator Lyman Hoffman, and Representative Sam Kito III.

[5:39:05 PM](#)

ZACH FANSLER, SELF, BETHEL (via teleconference), spoke in favor of SB 128; however, he felt there had been better options for restructuring the PFD. He saw the bill as a first step in the right direction. He supported an increase in taxes (i.e. income, mining, gas, tourism taxes); he believed a comprehensive plan to diversify the state's revenues was needed. He believed it was important that the plan be put into motion as soon as possible. He stressed that delay was imperiling the state's fiscal stability, bond rating, and other. He hoped the bill would pass and that it would be refined in the future. He asked the committee to turn its attention to other forms of revenue in order to ensure Alaska's fiscal viability for future generations.

[5:41:03 PM](#)

BILL WARREN, SELF, NIKISKI (via teleconference), was opposed to SB 128 until HB 247 [oil and gas tax credit legislation passed in 2016] was vetoed and done right. He stressed that the Kenai and Prudhoe Bay oil fields had been developed with no incentives or giveaways. He underscored the importance of a simple tax plan - probably a production tax. He stressed that it was not possible to kick a dead horse alive. He stated that with a good oil product and price it oil companies would not stay away. He stated that the legislature did not need to do handstands for the oil companies. He would vote for a one-year reduction on the PFD only. He did not want to further grease oil companies' hands and he did not want the funds to go towards government where the legislature may "blow it." He stated that constituents needed money to survive. He reminded the legislature that natural gas was the state's future.

[5:43:38 PM](#)

BRENDON HOPKINS, SELF, SOLDOTNA (via teleconference), was opposed to the bill. He believed there needed to be more focus on expenses and not just the revenue side of the equation. He spoke to his personal experience. He stated that he would like to see his children have the same opportunities he had. He intended to stay in Alaska. He asked the committee to think about former Governor Jay Hammond's intent for the Permanent Fund, which was to maintain voter engagement because of the wayward ways of state government. He urged the committee to vote no on the bill.

[5:46:05 PM](#)

FRED STURMAN, SELF, SOLDOTNA (via teleconference), spoke against the bill. He heard repeatedly that individuals had to put some skin in the game. He wondered how much more skin in the game he should be expected to give. He did not see state or city employees taking a hit - they continued to receive raises, healthcare, and retirement. He saw that legislators were still receiving per diem and were not putting anything in the game. He referred to state salaries with good growth over the years. He referred to friends working on the North Slope; there were more cuts occurring on the slope. He believed the state was going into a depression that would be worse than the one in the 1980s. He thought employees of the state needed to take some of the hit.

[5:48:49 PM](#)

GEORGE PIERCE, SELF, KASILOF (via teleconference), spoke against the bill. He thought it represented a raid on the PFD. He believed solutions should come from many sources and not merely from taxes on the backs of Alaskans. He believed the oil industry was tickled pink with the passage of HB 247. He stated that it was hard to believe the legislature had its chance to correct mistakes made, which had not occurred. He believed changes resulted in lost revenue. He believed that reducing the PFD to \$1,000 was a regressive tax to Alaskans. He stated that 50 percent of Alaskans received 20 percent of their income from the PFD. He stated that the dividend belonged to the people. He spoke to the prediction in lost jobs and stated that people would need their dividend. He mentioned various taxes that fell on the backs of the people.

[5:51:36 PM](#)

LEE COLLINS, SELF, KENAI (via teleconference), spoke against the bill. She shared that she is a senior and needed the income. She believed the legislature did not care about the people. She believed they were throwing water on everything. She implored the committee to maintain the PFD.

[5:52:49 PM](#)

JESSE BJORKMAN, SELF, NIKISKI (via teleconference), testified in favor of SB 128. He referred to other testimony urging cuts to spending and nonprofits. He stated that although those cuts may be necessary, it was also necessary to restructure the Permanent Fund earnings reserve to make it into an endowment for the people to fund their government. He believed it was a necessary step in order for government to continue to serve its people. He relayed that the Permanent Fund was intended to operate government in times of need - when oil revenues dried up. He reasoned that the program could not continue as is or the PFD would run dry. He would much rather have a lower PFD than no PFD at all.

Co-Chair Thompson acknowledged Representative Gabrielle LeDoux's presence in the room.

[5:54:16 PM](#)

JOHN BURNETT, SELF, KODIAK (via teleconference), testified in support of the legislation. He shared that he had lived in Alaska for 34 years (around the time the dividend was started). He and his family believed that jobs, homes, and the economy were much more important than receiving a PFD; they supported capping the dividend at \$1,000. He believed that if the dividend was not capped there would be no dividend in the future. He urged the committee to pass the legislation. He was scared to think what would happen to many jobs and the state as a whole if the bill was not passed.

[5:55:17 PM](#)

CHERYL STEVENS, SELF, EAGLE RIVER (via teleconference), spoke against the legislation. She believed that if the state kept spending money as it was currently, the money would flow away like water. She believed the legislature was spending money like there was no end. She stressed that the state could not continue spending money as it was currently. She reiterated her opposition to the bill.

[5:56:22 PM](#)

WILLIAM SCANNELL, SELF, ANCHORAGE (via teleconference), spoke in opposition to the bill. He asked legislators to keep their hands to themselves and to not pick the pockets of ordinary Alaskans. He did not believe it was okay to

take money from kids' college funds. He spoke to GCI's support of the bill and reasoned that the company was rich and its executives wanted to keep it from paying more taxes. He believed it equated to welfare for companies and the oil and gas industry. He needed the legislature to care about the rest of the state's citizens. He asked the committee to avoid exploiting regular Alaskans to benefit people who needed the money the least. He asked the committee to reject the legislation.

[5:58:02 PM](#)

ED MARTIN, SELF, COOPER LANDING (via teleconference), testified against the bill. He believed there was a long way to go before it would be necessary to tax residents. He shared a personal story of his father testifying to the legislature in the late 1990s related to the topic. He asked what had changed with regards to the less fortunate in the state and what the legislature would do when it took the PFD from those individuals. He stressed that the individuals would be less fortunate if the PFD was reduced. He supported use of the permanent fund earnings, but not the dividend. He did not support restructuring how the dividend was calculated. His compromise included selling 5 million state acres over the next 5 years to bring in revenue. He suggested a land voucher program that would give every Alaskan an acre of land. He stressed that the state had resources.

[6:00:45 PM](#)

LLOYD PERRY ALLEN, SELF, FAIRBANKS (via teleconference), spoke in support of the bill. He wanted the committee to vote yes to protect the PFD.

[6:01:19 PM](#)

BRET BRADFORD, SELF, CORDOVA (via teleconference), testified in favor of SB 128. He thought something needed to be done fast or the PFD would not continue into the future. He hoped the committee could look at cutting the budget and using some of the Permanent Fund earnings.

[6:02:06 PM](#)

ROY SUMNER, SELF, WASILLA (via teleconference), spoke in opposition to the bill. He understood that the Permanent

Fund had been designed to provide the state with help down the road when needed; however, he did not believe it needed to be restructured. He was amenable to taking some of the funds if needed for one to two years. He stressed that the bill did not preserve the PFD; he believed the money would be spent. He remarked that there were 25,000 state workers for a state with 600,000, which he believed was bloated. He believed the legislature needed to use other methods to generate funds and savings prior to using the Permanent Fund. He believed that if restructuring occurred that it should include a sunset provision.

[6:03:19 PM](#)

MICHAEL WARD, SELF, EAGLE RIVER (via teleconference), spoke against the bill. He believed the budget needed to be cut, which he did not believe had occurred in the current year. He stressed that special interests including GCI, AFL-CIO, and others were trying to deceive residents by saying that the bill would save the Permanent Fund. He believed the bill would actually end the PFD over a three-year period. He opined that phasing out the dividend was the worst way to raise money for government. He remarked that economist Gunnar Knapp and others had stated that using the Permanent Fund would have the most deleterious impact on Alaska's economy out of all of the income enhancement methods available. He stressed that reducing the PFD would increase homelessness.

EILEEN WARD, SELF, EAGLE RIVER (via teleconference), spoke in opposition to the bill. She was opposed to abolishing the PFD program. She encouraged significant cuts and responsible budgeting before the Permanent Fund was used. She believed residents were being railroaded and pushed into a hasty action that would hurt Alaskans and the state. She asked members to vote no on the bill.

[6:05:30 PM](#)

ADAM SMITH, SELF, KETCHIKAN (via teleconference), spoke in favor of the bill. He understood that the bill did not provide a complete solution [to the state's deficit]. He knew that cuts needed to be made, but he did not see the deficit being filled with any solution that would exclude using a portion of Permanent Fund earnings.

[6:06:21 PM](#)

MICHAEL CHAMBERS, UNITED FOR LIBERTY, ANCHORAGE (via teleconference), opposed SB 128. He indicated that he had a recommendation document that contained a number of suggested cuts totaling \$1.5 billion. He cited examples of the recommended cuts that could be applied prior to dipping into the PFD including 80 vacant positions within the Department of Public Safety. He did not support spending \$73 million on the Kodiak launch project and the organization believed the gasline was a pipedream. He remarked that the Medicaid expansion had 400 systemic errors. Additionally, there were 3,200 nonprofit organizations and 120 boards and commissions in the state. He noted that state school districts had not been restructured; there were four school districts on Prince of Wales Island. The rural economy relied heavily on the PFD program. He stated that the bill was designed to take money from the private sector to be given to special interest groups and support a bloated government the state could not afford.

[6:08:39 PM](#)

CHARLES MCKEE, SELF, ANCHORAGE (via teleconference), spoke in opposition of SB 128. He reported taking the issue to a U.S. Senator to report fraud against senior citizens. He spoke of someone using the PFD application as a method of fraud. He thought the PFD application was a way in which fraud could be carried out. [Note: the sound cut out for a portion of testimony.]

[6:11:09 PM](#)

ERIC HUGHES, SELF, ANCHORAGE (via teleconference), spoke in opposition of the state's current spending habits and SB 128. He discussed that the state's spending habits were based on unsustainable oil revenue, which needed to be changed. He remarked that he had been told many times by legislators that the state could not cut its way out of the current deficit. He noted that it appeared they had not even tried. He believed drastic spending cuts each year and using a small portion of the CBR was the way to get the state out of deficit. He stressed that tapping into the Permanent Fund or the PFD was not the way to solve the problem, which he believed was a "last ditch" solution. He supported getting state spending under control. He thought that individuals relying on the PFD for their finances

needed to rework their own situation. He remarked that those who do not learn from history are condemned to repeat it; he stated that the issue was being relived over and over. He noted that he had been in Alaska during the 1980s when the problem had occurred.

6:12:42 PM

CRAIG MOLLERSTUEN, SELF, ANCHORAGE (via teleconference), spoke in favor of the legislation. He stressed that the current financial crisis demanded action by the legislature. He appreciated the need for cutting expenses, the concern about oil tax credits, and a lack of enthusiasm about taxes to increase revenue. He stated that if action was not taken in the current year, the damage to the state economy would increase. He recognized that cutting the PFD would hurt the economy and would be a burden on many individuals statewide; however, the legislature had been unable to make significant cuts or consider increasing revenues. He expected a compromise would be no easier in the following year. He continued that people who rely on the PFD would discover that the loss of the CBR would cause the PFD to be eliminated entirely. He asked the committee to pass the bill. He supported the use of Permanent Fund earnings to pay for state government and to maintain the PFD for future generations.

6:14:40 PM

JERRY ALDERMAN, SELF, ANCHORAGE (via teleconference), spoke in support of the bill. He believed there was no doubt the legislature would use Permanent Fund earnings to fund state government. He believed the relevant question was about when the use of the earnings would occur. He had heard from economists and business leaders that the action needed to take place at present. He reasoned that procrastination was never a good strategy - the issue would be much harder the coming year. He implored the committee to pass the legislation immediately. He did not believe the bill was perfect - he thought the \$1,000 ceiling was too high.

6:15:46 PM

ANDY HOLLEMAN, PRESIDENT, ANCHORAGE EDUCATION ASSOCIATION, ANCHORAGE (via teleconference), testified in favor of the legislation. He urged the committee to make comprehensive changes. He pointed to the long-term financial impacts on

the state - he explained that the funds earned from selling the state's oil had fallen below what it took to deliver the expected services to Alaska residents. He noted that the situation was not temporary. He stated that it was a time when the legislature needed to look at the fundamental responsibilities of government, how it was funded, and what the state's goals were. He remarked that Alaska had its own traditions, some of which were based on a different time and circumstance. He discussed that the PFD had a fairly stable and predictable funding and long future as it was currently set up. However, the funding of core government services was at risk and unclear into the future. He did not believe anyone thought there would be any significant sum of money paid back into the CBR in the near future - he found it disturbing to listen to the committee discuss the notion, when it was obvious it would not happen. He stressed that the state could not continue the PFD with no end and keep services that citizens wanted. Additionally, the state could not continue without alternate sources of revenue outside of oil. He spoke to the need for a broad and comprehensive plan.

[6:18:02 PM](#)

ROCKY DIPPEL, SELF, ANCHORAGE (via teleconference), spoke against the bill. He stated that the art of politics was compromised, but it did not mean that legislators needed to sell out state residents. He did not support the governor's proposed use of the dividend. He was against a reduction to the dividend. He stated that the PFD fed and fueled much of the bush community; it also reduced credit card debt. He believed that a lack of funding for food and fuel in rural Alaska would cause an influx of people in Anchorage and would result in a larger homeless population. He stated that the PFD also spurred the economy during dividend season. He did not want the money to be used on pipedreams like a gasline. He questioned why Alaska's government cost three times the national average. He reiterated his opposition to the bill.

[6:20:56 PM](#)

CURTISS CLIFTON, SELF, ANCHORAGE (via teleconference), testified in support of the bill. He stated that relying on spending cuts and taxes would not fix the budget deficit. He relayed that economists and other experts believed that a portion of Permanent Fund earnings must also be used. He

stated that kicking the can down the road would mean the state would run out of options. He reasoned that the current situation would worsen and more Alaskans would lose jobs. She stated that acting now was imperative. He relayed that unemployment had soared when oil prices crashed in the late 1980s. He stated that the bill would extend the life of the dividend. He reasoned that if the legislature did not act, the program would end in a few years. He referred to discussion by the younger generation about a reduction in opportunity in the state. He stressed that the train wreck was coming and he asked if the state would be known for showing leadership, acting decisively, and softening the economic blow of the recession. He emphasized that it was a decision facing residents and the legislature. He asked the legislature to pass the bill.

[6:23:00 PM](#)

CATHY MOSHER, SELF, WILLOW (via teleconference), testified in opposition to the bill. She believed there were other actions that could be taken and that testifiers had offered many good suggestions. She hoped the committee would take the suggestions into consideration.

[6:23:59 PM](#)

KENT MOSHER, SELF, WILLOW (via teleconference), spoke against the bill. He supported selling land grants from the University and the Alaska Mental Health Trust Authority (AMHTA) before the legislature allocated the entities any money, which would cut back on the current year's budget. He stressed that the legislature had not even started to cut. He encouraged further cuts to state government. He thought there needed to be a vote by the people on the issue.

[6:24:57 PM](#)

SHANNEN CONNELLY, SELF, PALMER (via teleconference), spoke strongly against the bill. She believed there needed to be further cuts before the state could even think of coming to the people and expecting them to bail out the mess that had been created. She opined that the issue should go to the people for a vote.

[6:25:39 PM](#)

MARK FISH, SELF, BIG LAKE (via teleconference), testified in opposition to the bill. He believed that individuals in favor of the bill seemed to want a sense of urgency to pass the legislation. He believed the reason for the urgency was that there was large opposition to the bill. He used his dividend to pay property taxes. Without the dividend he would have to reduce spending on other areas of the economy like going out to eat and other recreational activities. He reminded the committee of the state's constitutional provision that all political power was inherent in the people. He urged the committee not to pass the legislation and to speak face to face with its constituents prior to making a life altering decision for so many Alaskans.

6:27:10 PM

DAVID EASTMAN, SELF, WASILLA (via teleconference), spoke against the bill. He stated that the legislature gave the governor an allowance and he believed it needed to limit the allowance. He supported sustainable budget numbers provided by ISER. He stated that the deficit situation had occurred because the legislature had not applied the sustainable cap from the beginning; instead, the legislature had approved an unbalanced and unsustainable budget. He underscored that it was not a question of the people overspending and needing a government bailout. He stated that the government could not conceive of living within its means and was currently demanding a bailout from the people. He continued that the administration's position was that the consequences of irresponsible government spending should fall on the private sector. He stressed that residents did not overspend, but the government did. He stressed that the Statutory Budget Reserve had been drained. He stressed that the legislature needed to advocate for the people. Once funds were spent they could not be saved or used in the future. He reiterated his opposition to the bill.

6:29:06 PM

MIKE COONS, SELF, PALMER (via teleconference), testified against the bill. He believed it would adversely impact children in the state. He stated that under the current system the PFD was based in part on the expertise of the individuals investing the body of the Permanent Fund. He stated that when parents received their children's dividend they had an opportunity to put it towards their kids'

education fund. Over the years the PFD enabled many families to pay for a higher level of education. He explained that families would have to find other means to support their children's educational choices. He elaborated that it would reduce other income to be used in the economy on a daily basis. He stressed that the bill would damage future educational opportunities and would increase debt.

6:31:01 PM

STEPHEN WRIGHT, SELF, WASILLA (via teleconference), spoke against the bill, which he believed would have negative implications if passed. He thought credits and the state budget should be capped prior to tapping the Permanent Fund. He stated that if someone wanted to give the state their mineral rights they should have the ability to do so. He was against a "raid" on the fund. He believed there were other options to cut the budget.

6:33:00 PM

MARY PETE, SELF, BETHEL (via teleconference), supported the bill. She believed it was important to think about the future of the state. She stated that the budget crisis required thinking about all of the options available - the Permanent Fund was a piece of the picture that would allow a softer landing than cuts. She stated that it was not possible to cut the state's way out of the deficit. She stressed that there had been real cuts. She shared that it would take university students in her region longer to reach their educational goals due to cuts to classes. She believed creative solutions to the deficit were necessary.

6:34:22 PM

LARAIN DERR, SELF, JUNEAU, spoke in favor of the bill. She had lived in Alaska for almost 50 years. She shared information about her personal background in Alaska. She cared about Alaskans and spoke to her service to various agencies and foundations (former commissioner of the Department of Revenue and other). She communicated that she was a founding member of the Alaska Food Bank - she cared about individuals who needed food to feed hungry children. She noted that she had retired from the state and cared about receiving a retirement check as well. She was concerned about services in many areas in Alaska. She had been present for discussions on the original legislation

that had put together the Permanent Fund concept. She recalled predictions from 30 years earlier that the pipeline would be dry by 2000. The state had been luckier than earlier predictions and it was necessary to address the dire predictions from 30 years earlier. She believed it was time for the state to begin using the earnings of the Permanent Fund as they were originally intended.

[6:36:36 PM](#)

BILL CORBUS, SELF, JUNEAU, spoke in support of SB 128. He shared that he had served as commissioner of the Department of Revenue in the early 2000s. He had followed SB 128 and the other Permanent Fund bills throughout the current session and he supported SB 128. He believed it was time to use the Permanent Fund for its intended purpose.

[6:37:16 PM](#)

BOB BARTHOLOMEW, FINANCE DIRECTOR, CITY AND BOROUGH OF JUNEAU, spoke in support of the legislation. He relayed that in February the Juneau Assembly had unanimously adopted a resolution asking the legislature to take immediate action to enact a package of initiatives that would lead to a sustainable, predictable, and balanced budget. He understood that progress had been made on the spending reduction side of things. The Juneau Assembly was in support of increased revenues including some use of the Permanent Fund earnings (SB 128). He spoke to the need for a comprehensive plan that would enable others to plan for the future. For example, if the implementation of the use of earnings required a reduction in the PFD, the city would have to reopen its FY 17 budget because the reduction would result in \$1 million in local sales tax revenue. The city understood and accepted the possibility because it was the cost of trying to solve the fiscal deficit. The city knew the situation was not easy and was willing to participate; it greatly appreciated the state and benefited from a stable budget.

[6:39:34 PM](#)

D. DOUGLAS JOHNSON, SELF, JUNEAU, testified in support of the bill. He shared that he is a business owner, angel investor, and father of two. He was in favor of the bill, which he knew was not perfect. He understood there was a tremendous amount of work to do on it. He believed that as

Alaskans it was necessary for people to roll up their sleeves and get to work. He spoke about a recent trip to Bethel and he recalled thinking about pioneer pilots flying through the area years ago. He believed the old pilots had been smart, bold, skillful, and full of grit. He stated that Alaska faced a tremendous fiscal problem at present. He recognized the challenge facing legislators. He encouraged members to be bold, smart, courageous, and full of grit as it moved forward.

[6:41:15 PM](#)

XOCHITL LOPEZ-AYALA, SELF, JUNEAU, spoke in support of the bill. She shared that as a recent homebuyer and head of household she looked forward to a stable Alaskan economy. She believed there should be other options and a one-year provision of tapping into the PFD in order to allow time for restructuring. She stressed that the topic needed to be looked at during the current session. She stated that the legislature had months to address the issue. However, she felt that it had wasted time trying to defund Planned Parenthood and trying to revoke access to healthcare for low-income and minority women. She did not believe the bill was a solution, but it was a step in the right direction.

[6:42:39 PM](#)

AMY JO MEINERS, TEACHER, SELF, spoke in support of the bill. She countered claims that there had not been sufficient budgetary cuts. She invited members to join her on the bleeding edge of education. She stressed that the schools had received cuts for the last several years. She invited any members to visit her class to see how cuts had impacted the school system. She relayed that friends had moved out of state to locate employment. She compared the Alaska economy to Apollo 13. She detailed that Apollo 13 crew had worked together, used every resource and tool available, and had worked in a timely manner to find a through solution. She encouraged the legislature to work collaboratively and consider all options. She spoke about words of wisdom from her elders. She shared that her grandparents and parents had the opportunity to pay an education tax. She considered how to stabilize funding for education and other state services. She wanted to teach her children that people did not get things for free; that they should be able to pay for services. She discussed that the state offered public safety and education. She wanted her

kids to know that as a family they were contributing to the services and putting some skin in the game. She wanted to look at how to stabilize the funding for education.

[6:45:04 PM](#)

BARBARA HUFF TUCKNESS, TEAMSTERS LOCAL 959, JUNEAU, testified in support of the bill. She provided information about the organization. The organization believed that the bill saved the PFD. She shared that in the 1980s the organization had 25,000 members working on the pipeline; when construction concluded they had been down to 6,000 members. The organization understood what it was like to cut. She provided examples of cuts the organization had made. She stressed that it was only possible to cut a certain amount. She believed that the message was that if action was not taken in the current year it would further erode the dividend checks.

[6:46:46 PM](#)

ABIGAIL ST. CLAIR, SELF, WASILLA (via teleconference), spoke in opposition to the bill. She shared information about her personal background. She had been raised in a small village where the average person currently made \$15,000 per year. She stated that limiting the dividend to \$1,000 would take money away from funds for winter survival, hunting supplies, kids clothing and other. She did not know where the funds would be spent if the money was taken. She believed that the legislature should not be given any part of her PFD until it could control spending. She stated that she was required to live within her budget and the legislature should have the same requirement. She stressed the importance of making more cuts. She urged the committee to use the ISER model or another budget plan as a guide.

[6:48:15 PM](#)

STEVE ST. CLAIR, SELF, WASILLA (via teleconference), testified against the bill. He offered a solution to the budget deficit problem. He asked the committee to change the bill's effective date to one year out and get it on the House floor. He stated that it would give the legislature one year to repeal the measure, recall the governor, and replace spineless legislators. He stressed that there could be write-in candidates on the ballot. He was tired of the

lack of transparency. He communicated that he was running for Senate.

[6:49:58 PM](#)

ANDREW WRIGHT, SELF, WASILLA (via teleconference), spoke in opposition to the bill. He cited the Alaska Constitution, which specified that mineral rights belonged to all Alaskans. He discussed that Alaska had been a boom and bust economy in the fur trade, gold rush, and coal mining industry. He stated that Alaskan people had been left with nothing. He believed the legislature wanted to be responsible for the same results. He believed the issue should be decided by a vote of the people. He stated that there was nothing devastating about the recession facing the state to justify the plunder.

DANIEL LYNCH, SELF, SOLDOTNA (via teleconference), spoke against the legislation. He was fine with sticking with the original dividend formula if it meant paying out \$2,200 per person in the current year, \$1,500 the next year, and \$237 in the following year; he stated that it would buy time. He believed that if the dividend was \$1,000 for three years, citizens would not pay attention to state government or the oil and gas industry. He referred to the Alaska three-legged stool: the federal government leg was still solid, the oil and gas leg was getting shorter and shorter, and the consumer spending leg was ready to be fractured with the loss of the PFD. He stated that an income tax would enable the state to recoup income from the dividend, business owners, and employees receiving dividend dollars. He noted that large corporations and other entities would rather have the masses give up \$1,000 than to pay an income tax. He believed the status quo had dug the financial and social hole.

[6:53:54 PM](#)

MICHAEL KOONS, SELF, STERLING (via teleconference), spoke against the bill. He believed the state was still spending as it had when oil prices had been \$100 per barrel. He stated that current oil prices were around \$40 per barrel. He discussed that one of the hardest things he ever had to do was lay off people, but sometimes it was necessary. He did not believe using the Permanent Fund was the first step; there were other options that should be considered.

6:55:31 PM

JOE DEMAREE, SELF, KENAI (via teleconference), spoke strongly against the bill. He was completely opposed to using the Permanent Fund in any way. He stated that people used the money for school clothes and businesses depended on the money. He suggested that legislators could cut their own salaries. He had not heard of one person in his region in support of use of the Permanent Fund. He wondered if the peoples' voices counted.

6:56:51 PM

HELVI SANDVIK, SELF, ANCHORAGE (via teleconference), urged the committee to pass the bill. She provided information about her family's history in Alaska. She hoped her children would have the opportunity to continue to live and work in Alaska. She stated that the bill was not perfect, but the state did not have the luxury to defer action, which would create an even larger fiscal crisis moving forward. The bill provided a long-term fiscal plan and provided for restructuring of the Permanent Fund using a portion of the earnings to fill the funding shortfall gap, while still allowing for a meaningful dividend program. She was concerned about the current and future economic condition of the state. She spoke to the business she worked for, which employed Native Alaskans across the state. She discussed that the decline in oil prices was severely impacting the state and the company she worked for; in 2015 the company had employed close to 4,600 Alaskans, but at present it had about 1,000 less jobs. She highlighted the importance of working together to ensure the state had a stable economic climate. She believed the underlying structure of the bill was sound.

6:59:57 PM

DOUG SMITH, SELF, ANCHORAGE (via teleconference), testified against the legislation. He believed the issue of oil taxes were somewhat inseparable from the bill. He addressed the significant financial crisis facing the state. He shared that he was the CEO of two local businesses and it was his job to keep the businesses solvent. He furthered that the companies had made some severe cuts in the current year to reduce spending. He believed reductions to state spending had not gone far enough; cuts needed to be made across the board. He reasoned that if people felt sufficient cuts had

been made they would be able to support funding government with a portion of PFD earnings. When he understood that no more cuts could be made he would support the use of some Permanent Fund earnings to maintain essential state services. He believed there was money in the Permanent Fund that was not being managed to the maximum benefit.

7:02:24 PM

DON JONES, SELF, ANCHORAGE (via teleconference), testified against the bill. He believed excessive state spending, fraud, waste, and abuse had resulted in the current deficit. He stated that two pay raises per year to state employees was part of the problem. He mentioned other state workers and their salaries. He remarked that the only cuts the government seemed to be willing to make were to people who did not make an excessive amount. Once cuts had been made he believed they should consider a sales or income tax and the PFD should be a last resort.

7:04:37 PM

DAVE BISHOP, SELF, ANCHORAGE (via teleconference), spoke in support of the legislation on behalf of himself, his wife, and their daughter. He discussed that there were very few chances to divert a state recession and likely hardship for thousands of people. He stressed that it was not possible to control the global economy or the price of oil, but it was possible to do something about the deficit by using proceeds from the Permanent Fund. He asked the committee to vote in favor of the legislation.

7:05:33 PM

JOELLE HALL, DIRECTOR OF OPERATIONS, AFL-CIO, CHUGIAK (via teleconference), spoke in support of the legislation. She discussed that the people working for a living had a great deal at stake, specifically, their jobs. She spoke to the threat to the economy the instability and deficit represented. The organization was working with others to determine a comprehensive package using Permanent Fund revenue, cuts, and new revenues. She reasoned that it was not a question of if the bill would pass, but about when it would pass. She stressed that the deficit was just too big; there was no other recourse. She stated that the logical answer was when the money could do the most good to generate the most wealth. She believed the answer was - the

sooner the better. She stated that the failure to pass the bill would result in a forfeit of over \$1 billion in savings over the next two years. She stated that money would never come back. She stated that there was an opportunity cost to delay, which the state would have to claw back some other way out of people's pockets and state spending.

[7:08:14 PM](#)

TINA PIDGEON, GCI, ANCHORAGE (via teleconference), spoke in support of the bill on behalf of her family. She stated that people were concerned about housing prices, jobs, the PFD, and spending. She believed the bill was the first and largest step towards addressing the concerns. She furthered that without action the CBR would be drained in the coming year and spending from the earnings reserve would be required without any plan. She continued that the dividend would be at risk and the state would have lost the opportunity to protect it. In the meantime, the economy would continue to suffer and jobs would be lost. She discussed that the bill was the best opportunity to secure the state's fiscal future. She believed that cuts were also needed to close the \$1.5 billion gap remaining under the bill. She urged the committee to pass the bill.

[7:09:52 PM](#)

JENIFER NELSON, SELF, ANCHORAGE (via teleconference), testified in support of the bill. She believed the bill provided a long-term solution to address the budget deficit by using a portion of the Permanent Fund earnings. She was concerned about the catastrophic impacts of doing nothing or delaying the decision. She urged the committee to take action now.

[7:11:03 PM](#)

WILLIAM WAILAND, SELF, ANCHORAGE (via teleconference), spoke in strong support of the bill on behalf of himself, his wife, and his family. He believed cuts and taxes were part of the solution, but they were not enough. He believed the use of the fund earnings were an essential part of addressing the state's deficit. He furthered that action was needed immediately, before the fiscal situation worsened. He understood that the bill represented an imperfect solution, but it was time for both sides to come

together to act decisively and responsibly. He believed that doing nothing was an unacceptable option.

7:12:13 PM

TOM LAKOSH, SELF, ANCHORAGE (via teleconference), spoke in strong opposition to the bill. He stated that the bill stole from the mouths of babies and crutches from the elderly. He wanted a more progressive tax for businesses or an individual sales or income tax. He urged the committee to construct bills that balanced all three of the taxes with sunset provisions. He recommended maintaining the current Permanent Fund structure as he believed it was the only sound stimulus for Alaska's economy. He stated that oil would go the way of the Stone Age - the whole world was turning to renewable sources of energy. The state could not rely on the oil industry to support its government. He cautioned against cutting into the fund's interest. He suggested issuing the dividend on a debit card that could only be spent in Alaska.

7:15:03 PM

HARRY CRAWFORD, SELF, ANCHORAGE (via teleconference), stated that the choice to do nothing when times were good had resulted in the same position where the economy and PFD was threatened. He spoke to the terrible recession in 1986 that he did not want to see it repeated. He recalled watching 60,000 Alaskans leave the state because they had no opportunity in Alaska. He shared his personal experience in the state. He stated that something had to be done. He chided the House for not taking action when the state had \$18 billion in savings that could have been turned into an endowment. He asked the committee to amend the bill to implement a comprehensive fiscal plan that the state could live with for years to come and a plan that guaranteed a dividend for future generations.

7:17:39 PM

SHARON ALDEN, SELF, FAIRBANKS (via teleconference), testified against the bill. She relayed that she was not absolutely against using the PFD to help close the budget gap, but she was firmly against it while there continued to be oil tax credits on the books. She had heard that the money resulting from a cut to the PFD proposed by the legislation, would not even cover the tax credits offered

to oil companies. She reasoned that cutting the PFD while continuing the tax credits only transferred money from the pockets of Alaskans to the pockets of the oil companies. She stressed that the state could no longer be dependent on oil money. She would favor an income tax before a PFD cut. She reasoned that a cut to the PFD would cost a 2-year-old the same as an adult, which she did not believe was fair.

[7:19:20 PM](#)

LANCE ROBERTS, SELF, FAIRBANKS (via teleconference), spoke in opposition to the bill. He referred to the ISER plan, which showed that there was a solution to the deficit with no tax cuts, including the cut to the PFD. He detailed that achieving a sustainable spending plan with to the budget would be sufficient. He discussed that the state's two primary revenue streams were oil and investment income. He reasoned that the legislature could use the Permanent Fund earnings reserve without touching the PFD. He spoke to the significant amount of funding the PFD infused into the state's economy. He stated that the bill took money from private individuals to prop up state government. He believed the bipartisan coalition destroyed the state's budget by dramatically increasing it. He stressed the need for being responsible. He wanted the bill to go to the House floor so he could see how members voted.

[7:21:34 PM](#)

PAUL KENDALL, SELF, ANCHORAGE (via teleconference), testified against the bill. He believed that public testifiers needed to provide any disclosure of conflict of interest. He believed the government had gone way out of line. He wanted the legislature to pass rules to protect the Permanent Fund and PFD. He provided other suggestions related to government.

[7:24:31 PM](#)

KAREN PERRY, SELF, CHUGIAK (via teleconference), strongly opposed the bill. She stated that the legislature had ignored the ISER plan and a United for Liberty proposal for \$1.5 billion in cuts. She urged the legislature to vote against the bill. She believed the governor was acting like a tyrannical dictator. She stressed that legislators had been elected to represent their constituents. She stated that more people calling in were opposed to the bill than

in favor. She elaborated that the bill represented nothing but a tax. She thought the bill would steal from many to pay for a few. She believed all taxation was theft. She shamed GCI and the Rasmuson Foundation. She asked the companies to write big checks to the state.

[7:26:58 PM](#)

MITCHELL WILCOXON, SELF, ANCHORAGE (via teleconference), testified against the bill. He provided information about his personal experience. He had come to Alaska because he believed it had offered a dream opportunity for his family. He believed his family had a better chance in Washington than in Alaska because it had a diverse economy that did not depend on one industry. He discussed attributes of the Washington economy including carbon taxes, income tax, and other. He stressed that he and his family were moving in two years' time. He asked the committee to think about the percentage of income from the PFD that stayed in Alaska. He referred to the state's credit rating and oil prices. He recommended eliminating all oil and gas tax credits and adding a 5 percent income tax before touching the PFD. He stressed that the bill was a tax on individuals who needed the money the most.

[7:29:12 PM](#)

MICHAEL SCHMIDT, SELF, ANCHORAGE (via teleconference), spoke in support of SB 128. He believed the bill would continue to protect the PFD. He continued that if the legislature took action in the current year it could extend the CBR and continue to grow the Permanent Fund to ensure the future of the PFD.

[7:29:53 PM](#)

ROBERT DAVIS, SELF, WASILLA (via teleconference), spoke in opposition of the bill. He believed the issue needed to be taken to the people of Alaska for a vote. He thought that the issue was too big to pass in legislation. He surmised that legislators were probably getting paid by other people to vote their way. He reasoned that it would be fine if the people of Alaska voted in support of using the PFD. Alternatively, if people voted no he believed the legislature needed to pretend there was no PFD to use to pay for the budget.

[7:31:17 PM](#)

ALBERT NINGEULOK, SELF, SHISHMAREF (via teleconference), opposed the legislation. He asked the legislature to leave the PFD alone and to come up with alternative revenues. He suggested increasing alcohol and tobacco taxes. He relayed that there were many senior Alaska Native rural residents who relied on the PFD. He urged members to vote no on the bill.

[7:32:23 PM](#)

BRUCE GALLOWAY, SELF, SOLDOTNA (via teleconference), spoke in opposition of SB 128. He was currently opposed to using the Permanent Fund because he believed there was way too much government spending. He thought that state workers were paid ridiculous salaries and that the state paid for fancy buildings. He reasoned that when his bank account was empty he had to wait to get more money before he could spend. He believed it was just the opposite with the legislature. He stressed that the legislature continued to spend and when it ran out of money it wanted to take money from individual Alaskans. He believed a set state budget was necessary. He was against using the PFD for spending at the present time because it was not needed.

[7:34:07 PM](#)

LYNETTE CLARK, SELF, FOX (via teleconference), opposed SB 128. She wondered how the bill related to [Alaska Constitution] Article 9, Sections 15, 16 and 17, which pertained to the Permanent Fund, appropriation limits, and the budget reserve. She encouraged a vote of the people. She called the bill "out-right theft." She stated that the changes the bill was calling for was a direct violation of the state's constitution. She asked the legislature to make more cuts and to stop the oil industry welfare. She reiterated that the bill should be voted down. She asked the members to kill the bill.

[7:36:51 PM](#)

ALANA DAVIS, SELF, EAGLE RIVER (via teleconference), spoke in opposition to SB 128. She believed that additional cuts needed to be made prior to using the PFD.

[7:37:50 PM](#)

VON TERRY, SELF, SEWARD (via teleconference), testified in favor of SB 128. He believed responsible cuts were necessary and revenue needed to be increased; however, the changes would not cover the \$4 billion deficit on their own. He believed it was the crucial time to make a long-term solution to address declining oil revenues; it would also ensure a continued PFD for the children of Alaska.

[7:39:00 PM](#)

MAUREEN MORE, SELF, ANCHORAGE (via teleconference), spoke in strong support of SB 128. She shared that she had been born in Bethel and grew up in Seward. She recalled seeing people lose jobs in the 1980s and property values decline. She reminded members that Alaskans had received a PFD in the 1980s, but it had not saved the state from a recession. She thought all options needed consideration including cuts, revenues, and restructuring the PFD. She stated that SB 128 bought the state the time needed to solve the crisis. She furthered that there was no silver bullet. She reasoned that if all Alaskans were unhappy with the solution, it was probably the correct one. She asked the committee to pass the legislation.

[7:40:17 PM](#)

ANDREE MCLEOD, SELF, ANCHORAGE (via teleconference), spoke against the legislation. She believed the Permanent Fund did not need restructuring. She asked the committee to put the interests of average Alaskans over and above money interests. She encouraged members to consider their neighbors who would be adversely affected by the bill. She remarked that the administration had not made efforts to reign in state salaries. She spoke against special interest groups. She encouraged a no vote.

[7:42:15 PM](#)

LOIS EPSTEIN, THE WILDERNESS SOCIETY, ANCHORAGE (via teleconference), testified against the bill. She worked on oil and gas issues for The Wilderness Society. She spoke in favor of oil and gas exploration, production, and transport needed to utilize the best technology and practices and that development should occur in less sensitive locations. She relayed that she had testified multiple times during the session. She opposed SB 128. She stressed that the

state was giving far too much money to the oil and gas industry with far too little oversight and public disclosure. Without reforms to bills related to oil and gas she urged the committee to vote SB 128 down.

7:44:39 PM

PHILIP TREUR, SELF, ANCHORAGE (via teleconference), spoke in favor of SB 128. He hoped the bill passed and he believed it was important to restructure the Permanent Fund during the current session. He thanked the committee.

7:45:09 PM

RICHARD SHAFER, SELF, ANCHORAGE (via teleconference), spoke in opposition of SB 128. He was angry that the legislature had not done anything to downsize government. He pointed to millions of dollars spent over the years. He surmised that the legislature was asking Alaskans to trust the legislature on spending money that had been set aside for each citizen. He relayed that he did not trust the legislature and encouraged a vote of the people.

7:46:19 PM

DAVID HYMAS, SELF, ANCHORAGE (via teleconference), spoke in support of the legislation on behalf of himself, his wife, and their three kids. He discussed that friends were facing accelerating layoffs and others had moved due to the contracting Alaska economy. He urged the legislature to act now. He stressed that the deficit was a crisis. He reasoned that anyone believing it was possible to cut the state's way out of the deficit did not understand how severe the problem was. For example, if the entire state's education budget was cut, the state would still be billions short. He furthered that it was not possible to tax the state's way out of the hole. For example, if \$715 million in new taxes was brought in, the state would still be short by billions of dollars. He supported the legislature's efforts to examine substantial cuts and new revenue sources as avenues to contribute to the potential solution; however, he believed the only way to come close to addressing the problem was to use a portion of the Permanent Fund earnings. He reasoned that the state could not pretend that oil prices would recover in time. He relayed that the issue would not be easier the following year. The Permanent

Fund's long-term viability would be in jeopardy, which would mean no PFD checks.

7:48:40 PM

ANNETTE GWALTHNEY JONES, SELF, ANCHORAGE (via teleconference), testified in opposition to the bill. She stated that the legislature was bouncing checks and now it wanted to rob a bank to pay for the checks. She wondered when the legislature was going to be responsible and balance a budget. She believed the legislature was creating more problems and was not finding other sources of income. She stated that the Permanent Fund had been designed because the state had squandered \$900 million. She believed the Permanent Fund was so well designed that other nations and states were copying the idea. She did not want to tap or "raid" the fund. She stated that the legislature was not planning for a rainy day, but it was planning for now.

7:50:41 PM

RICK HITZ, SELF, ANCHORAGE (via teleconference), spoke in support of SB 128. He stressed the importance of acting now. He believed the budget needed to be cut, but it would not solve the deficit alone. He reasoned that businesses needed a stable state government in order to plan for the future. He urged the committee to pass the bill.

7:51:27 PM

DIANA REDWOOD, SELF, ANCHORAGE (via teleconference), spoke in strong support of the bill. She believed an income tax and sales tax also needed to be on the table. She addressed that the PFD was designed to be a reserve for the state in hard times and should be used as such.

7:52:18 PM

LEAH SHOLZ, SELF, ANCHORAGE (via teleconference), spoke in favor of the bill. She hoped the bill could be implemented to give time to come up with a comprehensive plan. She believed that if action was not taken there would not be a PFD in the future. She opined that the bill would provide time to create a solid long-term plan. She referred to ideas for budget cuts and new revenue sources, which would bring in significant funds, but would not cover the entire deficit. She asked the legislature to take action.

7:53:29 PM

HOLLY KAIN, SELF, FAIRBANKS (via teleconference), testified in opposition to the bill.

7:53:59 PM

CHAD SAMSKAR, SELF, KENAI (via teleconference), spoke in opposition to the bill. He believed the government had much more work to do in regards to budget cuts and looking at alternatives. He supported some type of income tax. He believed it would keep people more involved.

7:55:15 PM

WARREN WRIGHT, SELF, ANCHORAGE (via teleconference), was extremely opposed to the bill at present. He shared that his family had been in Alaska for numerous generations. He referred to an exponential growth in government. He believed the independence of Alaskans had been stripped away by dependence on government. He did not believe the bill was about what was right for Alaskans. Alternatively, he thought it was a measure to sustain a bloated government. He believed the time had come to make significant cuts, to cut many state jobs, and to get rid of unnecessary government agencies. He stated that the bill would drive people out of their homes. He supported preserving the fund for emergency use.

7:58:13 PM

ED LARRIVEE, SELF, ANCHORAGE (via teleconference), spoke against the bill. He did not want the legislature to touch the Permanent Fund earnings in any way. He wanted a constitutional amendment to prevent the government from taking money from the fund. He recommended hemp as an alternative revenue source for the state instead of a gasline. He stressed that gas was overpriced and the state would never be able to compete in world markets. He emphasized that hemp fiber was ten times stronger than steel. He elaborated that Ford had come up with the idea in the 1920s. He discussed uses for hemp byproducts. He was against a state income tax. He could not wait to vote against legislators who had voted for the bill.

8:00:11 PM

LOWELL PERRY, SELF, ANCHORAGE (via teleconference), testified against the bill. He did not support that the bill would take 80 percent of the earnings and leave 20 percent for state residents. He believed at the very least the percentage should be the other way around. He likened the cut to a tax on a portion of individual's income and believed that a 20 percent tax was more reasonable. He recommended changing the amount to a number voted on every year by the legislature to use funds on an as needed basis. He stated that it was a permanent solution to a temporary problem. He thought the PFD should be taken from criminals and drug addicts first instead of across the board. He suggested giving individuals living in Alaska 80 percent of the time 80 percent of the PFD. He discussed that taking the PFD out of the state's economy would destroy businesses, which provided a tax base. He suggested implementing a high school graduation requirement where students created a small business in a class. He remarked that the state's economy was far too invested in oil. He did not support the gasline.

[8:03:35 PM](#)

JEREMIAH EMMERSON, SELF, HOMER (via teleconference), spoke against the bill because it would impact Alaska's least fortunate citizens the most (i.e. disabled individuals and children in low-income households). He believed it was disastrous that the legislature was considering taking the funds from residents but was not reducing tax credits for oil and gas companies. He elaborated that the state was giving \$500 million to oil companies, which all stemmed from SB 21 [oil and gas tax legislation passed in 2013] and from overspending. He noted that many testifiers had voiced that the state needed to stop spending money on failed projects. He stressed that expenses had to be cut to survive. He believed the state should implement an income tax and potentially higher corporate income taxes (or create a higher bracket for companies making over \$500,000 per year). He believed the legislature should stop wasting money. He remarked that another testifier had brought up the use of hemp products and he had seen on the video [Gavel to Gavel] that the committee members had merely laughed about it. He stressed that the issue was very serious to Alaskans and was not a joke. He asked the committee to have more decorum. He agreed with the

testifier who suggested the use of hemp products that money should be put into new sustainable, renewable industries.

Co-Chair Thompson noted that there had been work to get a bill submitted related to hemp products. He relayed that they took the issue seriously.

8:06:26 PM

WILLIAM REINER, SELF, ANCHORAGE (via teleconference), testified against the bill in any form. He noted that Ballotpedia.com listed Alaska at a total expenditure of \$18,000 per person per year. He stated that it was the largest spending of any other state. He remarked that the PFD check had pulled the state through in the past and he suspected it would pull the state through the current bump in the road again.

8:08:19 PM

BOB FASSINO, SELF, WASILLA (via teleconference), wanted to see a good stable economy. He believed whatever it would take to stabilize the economy would be beneficial to the state's residents and the future. He understood that the decisions would definitely not be easy. He believed the governor and many legislators deserved some credit. He reasoned that the tough decisions to stabilize the economy needed to be made. He believed the gasline would happen. He thought if everyone worked together there would be a positive outcome.

8:09:47 PM

DOUG TANSY, SELF, FAIRBANKS (via teleconference), supported the bill. He wanted to protect the PFD. He wanted to cut the dividend in order to ensure that the state did not exhaust all of its financial resources. He referred to the ISER model, which was helpful, but he had not seen the specifics laid out on how to actually solve the deficit. He had participated in many workshops looking at the budget and ways to make cuts - there had not been any silver bullet identified in any of the meetings. He knew legislators had been working to find duplicative services and areas that were easy to identify to cut. He believed cuts were not easy to locate any longer or they would have been made.

8:11:31 PM

SAM MOORE, SELF, ANCHORAGE (via teleconference), spoke in support of the bill. He stressed that it was not possible to cut all the way to a balanced ledger - he reasoned that discussion had passed for the current fiscal year. He stated that the current bill did not have anything to do with oil tax credits, sales or income taxes. He believed it had been a mistake to allow people to become addicted to an annual check from the state, which was comparably as addictive as heroin. He reasoned that recovering from addiction was painful. He opined that much of the anti-SB 128 testimony was angry and in denial of the actual fiscal situation facing the state. He referred to testimony that people used their PFDs to pay for food, heat, and taxes. He elaborated that the PFD was a unique and arguably detrimental thing about Alaska; it was not a right given by a deity. He continued that if someone from the Lower 48 was listening it would sound like Alaska had never existed prior to the dividend program. He added that it was unbelievable to hear that many individuals seemed to be confusing the PFD and the Permanent Fund itself. He urged the committee to report the bill from committee. He discussed the need for a long-term, sustainable solution; the bill was a requisite portion of the overall solution.

8:13:41 PM

PAM GOODE, SELF, RURAL DELTANA (via teleconference), spoke in opposition to the bill. She discussed that for years and years the legislature had overspent and wasted billions of dollars with no accountability. She pointed out that the legislature had received the ISER model four or five years earlier, which it had rejected. She did not believe the legislature had any intentions of adhering to a \$4.5 billion budget. She remarked that the oil and gas tax credit had come out in the eleventh hour or overtime and there went the budget. She elaborated that the legislature had ended up giving back the cuts it had made. She stated that the legislature had proven that it could not cut spending. She spoke to billions of dollars in waste that had taken place over years. She believed the problem was the legislature. She reiterated her opposition to the bill. She believed the money belonged to the people of Alaska. She did not support an income or sales tax. She supported more spending cuts.

[8:16:10 PM](#)

TAMI MORRILL, SELF, ANCHORAGE (via teleconference), spoke against the bill. She believed the budget problem could be solved with taxes and appropriations on marijuana. She believed Colorado had provided a prime example on how to solve Alaska's financial issues. She believed there were other ways to solve the deficit. She reasoned that PFDs were not just for adults and played a large role for low-income children.

[8:17:30 PM](#)

HELEN PAAJAN, SELF, EAGLE RIVER (via teleconference), spoke against the bill. She believed the government needed to be cut further.

[8:18:12 PM](#)

BILL AKINS, SELF, ANCHORAGE (via teleconference), testified against the bill. He discussed that the governor and legislature had spent money for years, while increasing their own wages. He believed the Senate and the governor's behavior had been dishonest and deceitful because they had passed the bill over a weekend. He had worked in over 80 Alaskan villages and he had seen how people rely on the dividend. He thought the bill was a raiding of the Permanent Fund.

[8:21:01 PM](#)

JANET MCCOLLOUGH, SELF, PALMER (via teleconference), spoke in opposition to the bill on behalf of herself and her husband. She asked the legislature to maintain the current PFD calculation. She shared that they lived on a fixed income. She elaborated that they accomplished living within their budget by cutting expenses and forgoing purchases. They expected the legislature and governor to do the same. She did not believe it was right to expect Alaskan families to support Alaska's bloated government by cutting their income and by increasing taxes on individuals when the legislature had not made the necessary cuts.

[8:22:07 PM](#)

GLENN MULLINS, SELF, KENAI (via teleconference), did not support the bill. He stated that when the fund had been

established it had been specified that the people would have to vote on any large changes to the fund. He discussed that Alaskans depended on the PFD for food and other items. He suggested a statewide sales tax. He noted that special sessions added to the deficit. He had heard on the news that evening that the government was looking at where it could spend all of the money if the bill passed. He hoped people really looked at who got elected in the upcoming election if the bill passed.

[8:24:18 PM](#)

STEPHEN WEHMEIER, SELF, PALMER (via teleconference), spoke against the bill. He spoke to overspending by government employees. He thought the per diem amounts were ridiculously high. He was concerned about government wasting money. He did not care for the idea that government was wasting money and wanted to take money out of people's PFDs. He was on a fixed income and he needed the money to buy clothing. He pointed to revenue that would be generated from taxes on the new marijuana law. He did not support laying off teachers and cutting the PFD. He needed the funds.

[8:26:58 PM](#)

SHIRLEY AND GERALD DEWHURST, SELF, BIG LAKE (via teleconference), testified in support of the bill. She spoke in support of passing a completely funded and sustainable budget. She thanked the committee, but wished the legislature would have considered the bill earlier in the year. She urged the committee to pass the legislation.

[8:28:34 PM](#)

WILLIAM LAMBERT, SELF, NORTH POLE (via teleconference), testified against the bill. He reminded committee members from Interior Alaska that the PFD paid for fuel, food, clothes, and other. He asked members to think before voting for the bill because constituents would write-in a replacement candidate.

[8:29:57 PM](#)

ROSS MULLINS, SELF, CORDOVA (via teleconference), spoke in support of the bill. He believed the PFD reduction would harm lower income individuals. He shared information about

his background in Alaska. He shared that he loved Alaska and was a retired commercial fisherman. He was disabled and lived on social security. His dividend was important to him, but he was not opposed to the sovereign wealth concept. He saw it as the only thing the state could utilize to solve its fiscal problem. He recalled that in 1968 the state budget had been \$165 million; it had started increasing beginning in 1969 when \$900 million in oil revenues had arrived. He lauded former Governor Jay Hammond for the creation of the Permanent Fund. He supported Governor Bill Walker's sovereign wealth plan. He believed the plan to balance the budget should include an income tax; he believed higher earning individuals should be liable for part of the solution. He thought an income tax would take two years to implement. He urged the legislature to pass the bill. He wondered what kind of game the legislature was playing because it dragged the most important thing the state needed to address (the fiscal strategy) out to the point where the governor had been forced to call a special session. He hoped the committee would act immediately to get the state on a sustainable fiscal path.

[8:32:50 PM](#)

MICHAEL VURAZO, SELF, ANCHORAGE (via teleconference), spoke against the bill. He stated that the government had a spending problem. For example, he recalled that at one point California had promised it could fund schools with the lottery, but it had never come to fruition. He believed the problem in Alaska had arisen due to the mismanagement of government spending by elected officials. He compared the situation to Greece solving its budget shortfall by taking from the bank account holders. He relayed that elected officials in Alaska had spent past surpluses rather than saving. He believed the budget was out of scale compared to the population. He did not understand the urgency of the bill. He wondered where the legislature expected to take money from in the future when there continued to be a budget shortfall. He believed the bill worked against the direction the legislature needed to fix. He supported making cuts first. He believed more revenue would generate additional deficit.

[8:35:12 PM](#)

DAVID BOYLE, SELF, ANCHORAGE (via teleconference), spoke in strong opposition to the bill. He supported cutting the budget first. He shared that he had watched the legislature on television nearly every day for several years. He stated that he had listened to lobbyists, special interest, and bureaucrats who only cared about how they could keep theirs. He elaborated that unions and the education industry had a much larger voice than everyday people. He believed that for years the legislature and special interest groups had created the problem. He opined that the budget should be reduced to its FY 06 level. He continued that past politicians had squandered the state's financial resources. He wondered why constituents would believe anything different would happen if SB 128 was passed. He did not want the governor to use the corpus of the Permanent Fund as collateral to build a gasline. He asked legislators to ban all lobbyists from their offices. He believed they should be required to communicate only on the record in written documents. He stated that many legislators were focused on the return on investment through private industry, but he believed they should be focused on return on investment from public institutions the state funded (e.g. Department of Education and Early Development, Department of Health and Social Services, and other). He concluded that if wealth was taken out of the private economy it would downsize the general population; if wealth was taken out of the government economy it would downsize the government.

Co-Chair Thompson CLOSED public testimony. He relayed that 152 people had called in or come to testify in person. He noted that many individuals had dropped off the phones after waiting for three hours.

SB 128 was HEARD and HELD in committee for further consideration.

Co-Chair Thompson addressed the schedule for the following day. He recessed the meeting to a call of the chair [Note: the meeting never reconvened].

^RECESSED TO A CALL OF THE CHAIR

8:38:29 PM

#  
ADJOURNMENT

8:38:35 PM

The meeting was adjourned at 8:38 p.m.