

SENATE FINANCE COMMITTEE

March 24, 2016

9:04 a.m.

9:04:43 AM

CALL TO ORDER

Vice-Chair Micciche called the Senate Finance Committee meeting to order at 9:04 a.m.

MEMBERS PRESENT

Senator Peter Micciche, Vice-Chair
Senator Pete Kelly, Co-Chair
Senator Mike Dunleavy
Senator Click Bishop
Senator Donny Olson

MEMBERS ABSENT

Senator Anna MacKinnon, Co-Chair
Senator Lyman Hoffman

PRESENT VIA TELECONFERENCE

Debbie Baehm, Self, Eagle, River; Ernie Hall, Anchorage Assembly, Anchorage; Tony Knowles, Former Governor, Anchorage; David Bishop, Self, Anchorage; Dave Hanson, Self, Anchorage; Gerard Asseln, President, Anchorage Police Department Employees Association, Anchorage; Charles McKee, Self, Anchorage; Curtis Clifton, Self, Anchorage; Juliana Waymen, Self, Anchorage; Laura Bonner, Self, Anchorage; Orin Seybert, Self, Anchorage; Michele Schuh, Self, Anchorage; Rod Wheelles, Self, Anchorage; Helvi Sandvik, Self, Anchorage; Jerome Alderman, Self, Anchorage; Rick Halford, Self, Anchorage; Joe Mathis, Self, Anchorage; Roselynn Cacy, Self, Anchorage; Wiley Brooks, Self, Anchorage; David Boyle, Self, Anchorage; Paul Dungan, Self, Homer; Fred Trieselmann, Self, Fritz Creek; Eric Lutz, Self, Glennallen; Deborah Holland, Self, Anchorage; Clyde Boyer, Self, Homer; Paul Roderick, Self, Anchor Point; Carl Kancir, Self, Anchorage; Steve St. Clair, Self, Mat-Su; Gwen Neal, Self, Homer; Paul D. Kendall, Self, Anchorage; Jim Sykes, Self, Mat-Su; Garvan Bucaria, Self, Mat-Su; Jim Sampson, Self, Fairbanks; Carl Benson, Self, Fairbanks; Kevin Pomeroy, Self, Fairbanks; John Davies, FNSB Assembly,

Fairbanks; Jerome Johnson, Self, Fairbanks; Chris Miller, Self, Fairbanks; James McMilon, Self, Fairbanks; Bernie Karl, Self, Fairbanks; J.D. Ragan, Self, Fairbanks; Doug Tansy, Self, Fairbanks; Bob Fassino, Self, Matsu; Gary McDonald, Self, Anchorage; Mark Halder, Self, Fairbanks; Robert Meshan, Self, Fairbanks; Jomo Stewart, Manager, Energy, Military, and Mining Project, Fairbanks Economic Development Corporation (FEDC), Fairbanks; Charles Cole, Self, Fairbanks; Robert Roman, Last Chance and Lucky Seven Mining, Fairbanks; James Johnson, 942 Laborers, Fairbanks; Patrick Robinson, 942 Laborers, Fairbanks; Meg Nordale, Associated General Contractors, Fairbanks; Crystal Nygard, Matsu Business Alliance, Palmer; Sheldon Thompson, Self, Fairbanks; Julie Shepard, FEDC, Fairbanks; Diane Wetter, Self, Dillingham; Jon Corbett, Self, Dillingham; Mike Navarre, Mayor, Kenai Peninsula Borough; Brett Reid, Self, Kenai; Carolyn Reid, Self, Kenai; Johna Beech, Self, Kenai; Regina Daniels, Self, Soldotna; Sara Crapuchettes, Self, Soldotna; Tim Cashman, Self, Soldotna; David Brighton, President, KPEA, Kenai; Katherine Uei, Self, Kenai; Josh Uei, Self, Kenai; Fred Sterman, Self, Kenai; Daniel Lynch, Self, Soldotna; Mike Coons, Self, Palmer; Ed Martin III, Self, Sterling; Delice Calcote, Self, Sutton; Pam Goode, Self, Rural Deltana.

SUMMARY

SB 91 OMNIBUS CRIM LAW & PROCEDURE; CORRECTIONS

SB 91 was SCHEDULED but not HEARD.

SB 114 PERM FUND: EARNINGS, DEPOSITS, ACCOUNTS

SB 114 was HEARD and HELD in committee for further consideration.

SB 128 PERM. FUND:DEPOSITS;DIVIDEND;EARNINGS

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

PUBLIC TESTIMONY:

ANCHORAGE

GLENNALLEN, SEWARD, HOMER

FAIRBANKS, MAT-SU

KENAI, KODIAK, DILLINGHAM

#sb114
#sb128
SENATE BILL NO. 114

"An Act relating to deposits into the dividend fund;
and relating to the Alaska permanent fund."

SENATE BILL NO. 128

"An Act relating to the Alaska permanent fund;
relating to appropriations to the dividend fund;
relating to income of the Alaska permanent fund;
relating to the earnings reserve account; relating to
the Alaska permanent fund dividend; making conforming
amendments; and providing for an effective date."

^PUBLIC TESTIMONY: ANCHORAGE

[9:05:52 AM](#)

DEBBIE BAEHM, SELF, EAGLE, RIVER (via teleconference),
testified against both pieces of legislation. She announced
that she was a republican.

[9:06:23 AM](#)

ERNIE HALL, ANCHORAGE ASSEMBLY, ANCHORAGE (via
teleconference), testified in support of both pieces of
legislation. He felt that there should be an examination of
additional revenue sources to fill the budget gap. He
appreciated the reduction in the budget. He felt that the
most important aspect to funding the state and
municipalities was an annual reliable and sustainable
budget. He understood that the state could not continue to
avail funds to the communities as the state had done in the
past.

[9:08:48 AM](#)

TONY KNOWLES, FORMER GOVERNOR, ANCHORAGE (via
teleconference), thanked the committee for the opportunity
to speak to a sustainable balanced budget. He understood
that the task was not easy for the legislature. He shared
that there was a serious recession in the 1980s, and low
oil prices in the 1990s devastated the state budget at that
time. He stressed that there were immeasurable consequences
in avoiding the budget deficit. He stressed that the

savings would be completely depleted over three years. He felt that there would be the loss of private and public jobs as well as the elimination of public services. He stressed that there needed to be an increase in revenue. He felt that using the earnings could be the cornerstone of a balanced and increased budget. He felt that the reliance on savings was only a "band aid" approach. He shared that he had met with former governors, members of congress, and former lieutenant governors, and had created a sustainable plan.

[9:15:35 AM](#)

DAVID BISHOP, SELF, ANCHORAGE (via teleconference), supported a comprehensive fiscal plan to use a portion of the Permanent Fund to fund state services. He stressed that there was a potential for financial crisis without exploring other sources of revenue. He stressed that preserving the Permanent Fund Dividend (PFD) for the future required the use of a portion of the PFD to ensure receipt of the PFD in the future.

[9:17:16 AM](#)

DAVE HANSON, SELF, ANCHORAGE (via teleconference), felt that the use of the permanent fund should only be used after a reduction in oil and gas tax credits. He remarked that the hundreds of millions of dollars would be taken from the funding of state government. He felt that the use of funds to pay for tax credits would be like "throwing money down a black hole."

[9:19:23 AM](#)

GERARD ASSELN, PRESIDENT, ANCHORAGE POLICE DEPARTMENT EMPLOYEES ASSOCIATION, ANCHORAGE (via teleconference), spoke in support of the two pieces of legislation. He stressed that the funding of necessary services required a balance of revenue and spending. He felt that immediate corrective action was required to ensure the prosperity of the state. He remarked that the previous fiscal model was no longer sustainable. He recognized that the use of the permanent fund was the only logical step forward.

[9:22:41 AM](#)

CHARLES MCKEE, SELF, ANCHORAGE (via teleconference), announced that he was not a corporate citizen. He stated that he had submitted written testimony. He felt that there was a lack of fiduciary responsibility. He blamed the state's fiscal problem on the underwriter corporations. He encouraged the committee to "extract the people from captivity."

Vice-Chair Micciche wondered if Mr. McKee was in support of the legislation. Mr. McKee replied that he was in opposition of both bills.

[9:25:48 AM](#)

CURTIS CLIFTON, SELF, ANCHORAGE (via teleconference), testified in support of both pieces of legislation. He shared that it was frightening to experience the economic crash in 1986. He shared that the legislature had the opportunity to ensure that the state did not experience a similar economic recession. He stressed that there should be a comprehensive approach to solving the fiscal crisis. He understood that the legislature was experiencing a difficult challenge in solving the state's fiscal crisis.

[9:28:14 AM](#)

JULIANA WAYMEN, SELF, ANCHORAGE (via teleconference), spoke in support of the bills. She stressed that expenses must be reduced, but urged the committee to act immediately in utilizing the permanent fund earnings.

[9:28:57 AM](#)

LAURA BONNER, SELF, ANCHORAGE (via teleconference), testified in support of both pieces of legislation. She announced that she had lived in Alaska since 1972. She felt that each bill needed some revision, and felt that it was important to keep the constitutional budget reserve (CBR), separate from the permanent fund. He spoke in support of extracting the PFD from the earning reserve, and not from GF. She felt that postponing fiscal reform would degrade the state's credit rating and have detrimental effect on the state's economy.

[9:31:03 AM](#)

ORIN SEYBERT, SELF, ANCHORAGE (via teleconference), spoke in support of using the permanent fund earnings. He did not feel that it was necessary to take from the PFD. He did not believe that oil prices would rebound. He queried the cost of the operating budget per capita. He did not feel that the budget had grown as much as some people believed per capita. He also spoke in support of reinstating a state income tax. He stated that a state sales tax directed at tourism would greatly benefit the state. He shared that he had been involved in aviation, and his organization had received a grant from BP to offer free flights to the BP facility. He shared that the school district currently did not have enough money to provide bussing to the facility. He announced that former governor Jay Hammond was his hero. He shared that he had been a resident of the state since 1949.

[9:35:20 AM](#)

MICHELE SCHUH, SELF, ANCHORAGE (via teleconference), spoke in support of the bills. She shared that she was an active member of her community. She felt that the state needed a sustainable and reliable state budget foundation. She felt that the current approach did not provide the optimism necessary to rely on state government. She stressed that the lack of government funding threatens an imminent economic crash. She shared that she was prepared to pay an income or sales tax to help address the magnitude of the fiscal problem. She spoke in support of using the permanent fund earnings, and spoke against using funds from the permanent fund principle.

[9:38:35 AM](#)

ROD WHEELS, SELF, ANCHORAGE (via teleconference), spoke in support of SB 124. He spoke in support of restructuring the payout of the PFD. He did not feel that the restructuring of the PFD would not negatively affect those individuals who were already the recipient of various forms of state funding. He felt that the remainder of the savings should be deposited into the permanent fund principle.

[9:40:43 AM](#)

HELVI SANDVIK, SELF, ANCHORAGE (via teleconference), spoke in support of the bills. She was very concerned with the state's current fiscal crisis. She spoke in support of

developing a broad strategy to close the fiscal gap. She urged the committee to create an income tax. She felt that there should be a meaningful PFD program. She remarked that the PFD was important to support families during the fiscal crisis.

9:44:02 AM

JEROME ALDERMAN, SELF, ANCHORAGE (via teleconference), spoke in support of both pieces of the legislation. He did not, however, feel that the bills took enough drastic measures. He did not feel that he needed to receive a dividend. He felt that the state budget made cuts that were too drastic. He urged the committee to halt any further cuts to state government.

9:45:49 AM

RICK HALFORD, SELF, ANCHORAGE (via teleconference), spoke against the bills. He felt that economists agreed that use of the reserves would bridge the fiscal gap. He remarked that the permanent fund system provided the opportunity to fund the gap. He thanked the committee for cutting the budget for state government. He urged the committee to read a statement by Elmer Rasmussen. He thought that changing the dividend formula and management structure was an unnecessary gamble, and suggested that the legislature could bridge the fiscal gap with minimal impact.

9:50:47 AM

JOE MATHIS, SELF, ANCHORAGE (via teleconference), spoke in support of the bills. He supported restructuring the permanent fund. He was a business owner who had operated a campground for many years. He alleged that there were many external factors that affected his business. He thought the government would also have to adapt. He thought the state plan should not hope for higher oil prices. He emphasized the need for the legislature to act during the current legislative session. He quoted General Patton. He thought a good solution applied in the current session was preferable to a perfect solution at a later time.

9:54:12 AM

ROSELYNN CACY, SELF, ANCHORAGE (via teleconference), testified in opposition to the bills. She did not think the

permanent fund should be used to fund state government. She recounted a personal story of inheriting money and keeping it invested. She thought the permanent fund was a safety net for the state.

[9:57:43 AM](#)

WILEY BROOKS, SELF, ANCHORAGE (via teleconference), testified in support of the bills. He felt that there should be a tax based on consumption. He stressed that corporations did not pay taxes. He remarked that there should be a focus on expanding the revenue base and create new jobs. He stressed that a sales tax would make it less likely to negatively affect the state's bond rating.

[10:00:55 AM](#)

DAVID BOYLE, SELF, ANCHORAGE (via teleconference), testified in opposition to both pieces of legislation. He echoed the comments of Mr. Helford. He stressed that there needed to be a reduction to the size of the state's government. He shared that there were more state employees per capita than any other state. He felt that there should be a streamlining of government. He felt that there should be a dissolution of the Alaska Aerospace Corporation. He remarked that the funding for K-12 education was too extreme. He felt that the legislature could encourage state government or private industry. He urged the committee to support private industry.

^PUBLIC TESTIMONY: GLENNALLEN, SEWARD, HOMER

[10:04:29 AM](#)

PAUL DUNGAN, SELF, HOMER (via teleconference), spoke in support of the bills. He stated that he was a 25-year resident of Homer. He felt that the legislature should utilize as many tools as possible to move through the fiscal crisis. He remarked that he would work on campaigns of legislators who worked to get the state through the difficult time.

[10:06:08 AM](#)

FRED TRIESELMANN, SELF, FRITZ CREEK (via teleconference), testified against both pieces of legislation. He did not believe that there was anything wrong with the permanent

fund. He stressed that the legislature already authority to utilize earnings from the permanent fund. He felt that using the permanent fund was the "easy way out." He did not believe that the legislature wanted to cut the budget further and examine new revenue streams. He wondered why oil was the only nonrenewable resource that contributed to the permanent fund. He felt that there should be other resources like mining, fishing, and timber should contribute to the permanent fund to bolster revenue streams.

[10:08:31 AM](#)

ERIC LUTZ, SELF, GLENNALLEN (via teleconference), spoke in support of the bills. He did not believe that reducing the PFD was the cornerstone to the problem. He felt that the state could not cut its way out of the current debt. He stressed that roads and education funding must be maintained. He remarked that the funding for the management of the education system. He felt that the curriculum director positions could be eliminated. He asserted that the budget of \$7 million for the Copper River School District was extreme. He remarked that the PFD money was precious to many people in the state, so the funds should be used judiciously. He encouraged the state to examine other sources of revenue, and decrease the oil tax credits. He stressed that the state was a resource based economy, but felt that the legislature should incentivize small business owners to conduct business in the state.

[10:12:21 AM](#)

DEBORAH HOLLAND, SELF, ANCHORAGE (via teleconference), spoke against the bills. She felt that there should be further cuts, because the state already had significantly expensive social services. She felt that Medicaid recipients had better health coverage than those on individual health insurance plans.

[10:13:54 AM](#)

CLYDE BOYER, SELF, HOMER (via teleconference), spoke in support of both pieces of legislation. He urged the committee to examine other sources of revenue.

[10:14:39 AM](#)

PAUL RODERICK, SELF, ANCHOR POINT (via teleconference), spoke against the bills. He felt that the bills targeted the individuals at the lowest income level, of \$40,000 a year or less. He remarked that the changes were unfair, and asserted that there was approximately one-third of the population that would be negatively affected by the proposals. He stressed that the lack of income must be made up in a different way.

[10:17:46 AM](#)

CARL KANCIR, SELF, ANCHORAGE (via teleconference), testified against the bills. Shared that he had lived in Anchorage since 1962. He felt that the children were damaging the property of the schools, so the funding should not be used to fund the current school system. He shared that the recidivism rate was significantly high, so the money should not be spent to rehabilitate one person. He did not want his money to be used to fund medical bills for smokers or obese people. He stressed that he was not a callous person.

Vice-Chair Micciche wondered if Mr. Kancir was in favor or opposed to the bills. Mr. Kancir replied that he was opposed to both pieces of legislation.

[10:21:55 AM](#)

STEVE ST. CLAIR, SELF, MAT-SU (via teleconference), testified against the bills. He felt that the discussion of other revenue streams should only occur after there was a solution to the spending problem. He felt that each bill supported using the earnings reserve, which was already available to the legislature. He remarked that each bill would "tinker" with the dividend calculation, which he felt that most Alaskans did not support. He felt that the ISER model identified \$4.5 billion as the target for the unrestricted general fund. The governor's initial UGF request was \$5.2 billion, and all those who advocated for use of the PFD were relying on the governor's number. He felt that the legislature must reduce the UGF to \$4.5 billion. He referred to Gunnar Knapp's presentation on the state's fiscal crisis.

[10:24:17 AM](#)

GWEN NEAL, SELF, HOMER (via teleconference), spoke in support of both pieces of legislation. She felt that there needed to be action in the current legislative session. She felt that there should be modest budget cuts, and a modest state income tax at 15 percent of the federal tax liability. She did not want to distinguish between greater support to SB 114 or SB 128. She felt that all Alaskans should participate in the pain of the budget crisis.

[10:25:53 AM](#)

PAUL D. KENDALL, SELF, ANCHORAGE (via teleconference), testified against the bills. He did not feel that the legislature was addressing the basis of the causation. He stressed that he would be disappointed if there were cuts made to the PFD, and stressed that he would work hard to fight against the current legislators' reelection. He did not feel that the legislature was addressing the "driver of the causation." He wanted to see a \$2 billion budget model, because he felt that the status quo was the main problem. He felt that the legislature should return to Anchorage, and force the governor to declare a state of economic emergency to force the state into a 90-day congress for audit and discussion. He stressed that meeting in Juneau was wrong. He wanted a discussion to occur outside of "isolated Juneau."

^PUBLIC TESTIMONY: FAIRBANKS, MAT-SU

[10:29:48 AM](#)

JIM SYKES, SELF, MAT-SU (via teleconference), spoke against both pieces of legislation. He remarked that the permanent fund was intended to protect the people of Alaska. He urged the committee to add a button to the Pick Click Give program to allow the people to donate to the state, in order to really see if the people would be willing to give up a portion or all of their dividend.

[10:33:17 AM](#)

GARVAN BUCARIA, SELF, MAT-SU (via teleconference), opposed the bills. He suggested the legislature get rid of capital projects. He opposed the Susitna-Watana dam, the Juneau Access Road project, and the Knik Arm Crossing. He mentioned the Ambler road, which he thought was ridiculous.

He did not support changes to the structure of the permanent fund.

[10:35:19 AM](#)

JIM SAMPSON, SELF, FAIRBANKS (via teleconference), supported the bills. He encouraged the legislature to do whatever it could to fix the state's budget deficit in the current session. He remarked that the solution should not be postponed by using the earnings reserve or the CBR. He felt that a large withdrawal from savings would result in the eventual loss of the PFD in the next three or four years.

Vice-Chair Micciche handed the gavel to Senator Bishop.

[10:37:04 AM](#)

CARL BENSON, SELF, FAIRBANKS (via teleconference), opposed the bills. He believed that the bills helped develop revenue options, but did not address the problem spending. He believed that the broken revenue picture was structural as it related to the tax codes, and not related to the price of oil. He felt that inflated development, production, and lost credits must be reduced to their pre-2014 levels to contain state spending.

[10:39:22 AM](#)

KEVIN POMEROY, SELF, FAIRBANKS (via teleconference), supported the bills. He discussed the formation of the Trans-Alaska Pipeline System (TAPS). He supported a sustainable dividend program. He supported new revenue sources such as broad-based taxes.

[10:41:57 AM](#)

JOHN DAVIES, FNSB ASSEMBLY, FAIRBANKS (via teleconference), did not take a position on the bills. He referred to a resolution that the FNSB Assembly had sent to the committee. He recounted the great deal of support for the resolution in Fairbanks. He supported broad-based taxes as an additional source of state revenue. He discussed the effects that various budget solutions would have on the economy and jobs in the state. He thought large cuts were a counter-productive way to balance the budget.

[10:44:38 AM](#)

Senator Bishop handed the gavel to Vice-Chair Micciche.

JEROME JOHNSON, SELF, FAIRBANKS (via teleconference), opposed the bills. He commended the committee for their work on the budget. He felt that the legislative activities should be run in a similar manner as running a household. He felt that the Permanent Fund was a trust set aside for the future.

[10:46:42 AM](#)

CHRIS MILLER, SELF, FAIRBANKS (via teleconference), opposed the bills. He opposed restructuring of the permanent fund.

[10:47:34 AM](#)

JAMES MCMILON, SELF, FAIRBANKS (via teleconference), supported the bills. He stated he was a business representative for the Teamsters Local 959. He stated that he had worked on the North Slope for 16 years in various jobs. He understood the current fiscal situation, but did not feel that cutting the budget provided for long-term financial stability for the state.

[10:48:44 AM](#)

BERNIE KARL, SELF, FAIRBANKS (via teleconference), supported the bills. He was in favor of an income tax and a sales tax. He referred to the previous income, sales, and education taxes.

[10:49:46 AM](#)

J.D. RAGAN, SELF, FAIRBANKS (via teleconference), supported both bills. He was strongly in favor of an income tax. He thought an income tax would ensure that out of state residents employed in the state would pay their fair share. He opposed cuts to the University. He thought that investment in education yielded great returns.

[10:51:59 AM](#)

DOUG TANSY, SELF, FAIRBANKS (via teleconference), supported the bills. He voiced concern about education and the economy. He recounted a personal story of his father having

to travel for employment. He spoke in support of an income tax. He did not support a sales tax.

[10:54:16 AM](#)

BOB FASSINO, SELF, MATSU (via teleconference), spoke in support of the bills. He stated that the budget should be dealt with immediately, because the state had a "bright future." He spoke in support of a state gas line, so the state needed to address the current situation as soon as possible. He also spoke in support of a state income tax.

[10:55:18 AM](#)

GARY MCDONALD, SELF, ANCHORAGE (via teleconference), supported the bills. He supported an income tax.

[10:56:17 AM](#)

MARK HALDER, SELF, FAIRBANKS (via teleconference), opposed the bills. He supported a state income tax. He discussed his work in the concrete business. He stated that the dividend was ten percent of his net income, and thought that changes to the dividend would hurt low-income residents of the state.

[10:57:56 AM](#)

ROBERT MESHAN, SELF, FAIRBANKS (via teleconference), supported SB 114. He also supported an income tax.

[10:59:22 AM](#)

JOMO STEWART, MANAGER, ENERGY, MILITARY, AND MINING PROJECT, FAIRBANKS ECONOMIC DEVELOPMENT CORPORATION (FEDC), FAIRBANKS (via teleconference), supported the bills. He stated that the FEDC passed a resolution in favor of taking a balanced approach to solving the state's fiscal crisis.

[11:01:09 AM](#)

CHARLES COLE, SELF, FAIRBANKS (via teleconference), did not have a position on the bills. He felt that the solution to the budget problem should not impact one group greater than the other. There should be a broad-based solution, in order to balance the budget stress between every resident of the state.

[11:02:56 AM](#)

ROBERT ROMAN, LAST CHANCE AND LUCKY SEVEN MINING, FAIRBANKS (via teleconference), opposed the bills. He discussed historical discussion of using the permanent fund. He supported an income tax. He did not support a sales tax, and thought it would disproportionately affect low-income residents. He suggested a state-wide vote on a budget solution.

[11:05:09 AM](#)

JAMES JOHNSON, 942 LABORERS, FAIRBANKS (via teleconference), opposed the bills. He supported increased taxes, and other ways to relieve the state's debt. He remarked that he used the PFD to help his children in life.

[11:06:14 AM](#)

PATRICK ROBINSON, 942 LABORERS, FAIRBANKS (via teleconference), shared that he was originally from California, which had a state sales tax. He felt that Alaska could have a state income tax to get in line with the rest of the country. He felt that a sales tax would help the state out of its debt. He urged the committee to reflect and create new forms of revenue.

[11:07:41 AM](#)

MEG NORDALE, ASSOCIATED GENERAL CONTRACTORS, FAIRBANKS (via teleconference), supported the bills. She expressed concern about the fiscal challenges in the state. She spoke in support of additional state revenues.

[11:09:48 AM](#)

CRYSTAL NYGARD, MATSU BUSINESS ALLIANCE, PALMER (via teleconference), recounted that her family had moved to Alaska in 1974. She discussed her time in college utilizing the Alaska Student Loan Program and a loan forgiveness program. She had worked with small business, native corporations, and was self-employed. She recounted that she had participated in recent community conversations regarding fiscal plans. She recounted that most of the students she spoke with were supportive of new taxes.

[11:15:49 AM](#)

AT EASE

[11:34:34 AM](#)

RECONVENED

^PUBLIC TESTIMONY: KENAI, KODIAK, DILLINGHAM

SHELDON THOMPSON, SELF, FAIRBANKS (via teleconference), believed the Alaska government was undermining the state's fiscal certainty. He did not support using the Permanent Fund as a way to fund government.

[11:36:31 AM](#)

JULIE SHEPARD, FEDC, FAIRBANKS (via teleconference), urged political leaders to work together to resolve Alaska's fiscal challenge. The goal was to achieve fiscal stability and to increase revenues by increasing a broad-based statewide tax plan.

[11:38:04 AM](#)

Vice-Chair Micciche asked callers to let the committee know how they felt about the bills it was currently addressing.

DIANE WETTER, SELF, DILLINGHAM (via teleconference), spoke against the use of the Permanent Fund.

JON CORBETT, SELF, DILLINGHAM (via teleconference), testified against the use of the Permanent Fund to run state government. He believed the state needed to make changes in government to increase a sustainable budget. He did not support new taxes.

MIKE NAVARRE, MAYOR, and KENAI PENINSULA BOROUGH (via teleconference), wished neither of the options were necessary and that oil prices were higher; however, that was not the case. Changes were needed to ensure the state's economy for the future. He believed that some economic contraction was unavoidable. He believed either of the two options would help secure the state's future, but he preferred the governor's bill. He urged the committee to keep an eye on the economic future of the state. He believed that using the earnings of the Permanent Fund were necessary.

[11:42:52 AM](#)

BRETT REID, SELF, KENAI (via teleconference), did not support the bills. He stressed that the bills reflected a blatant raid on the Permanent Fund. He recommended using funds from a fund used the prior session.

[11:43:55 AM](#)

CAROLYN REID, SELF, KENAI (via teleconference), spoke against the use of the Permanent Fund to pay for state government. She believed it was "malarkey" and smoke and mirrors. She stated that there were many residents who needed the money including youth, seniors, and disabled Alaskans. She believed more cuts to state government were necessary.

[11:45:25 AM](#)

JOHNA BEECH, SELF, KENAI (via teleconference), believed the PFD was a privilege and not a right. She supported use of the PFD, but would like to see a sunset clause to revisit the plan in the future.

[11:46:29 AM](#)

REGINA DANIELS, SELF, SOLDOTNA (via teleconference), supported cuts and consolidation of state government. She supported the use of the Permanent Fund earnings reserve and supported SB 114. She read a resolution passed the previous evening by the city council meeting.

[11:48:56 AM](#)

SARA CRAPUCHETTES, SELF, SOLDOTNA (via teleconference), spoke in support of using the Permanent Fund earnings reserve to help fund the fiscal gap. She believed it was necessary to tap into the fund to pay for the fiscal gap and to protect the fund in the future. She understood that the decision was painful for legislators. She spoke in support of either bill before the committee.

[11:51:07 AM](#)

TIM CASHMAN, SELF, SOLDOTNA (via teleconference), spoke in support of the use of the Permanent Fund as long as cuts were also a part of the fiscal plan.

[11:51:56 AM](#)

DAVID BRIGHTON, PRESIDENT, KPEA, KENAI (via teleconference), spoke in favor of SB 128. He believed the bill was more complete than SB 114. He spoke to the importance of taking action to balance the state's budget. He stressed that it was not possible to cut the state's way or to tax sufficiently to a balanced budget. He would vote for a legislator who voted to use the fund earnings.

[11:53:56 AM](#)

KATHERINE UEI, SELF, KENAI (via teleconference), shared that many individuals in the region depended on the Permanent Fund Dividend to buy clothes or fill other needs for their children. She relayed that residents waited to buy homes until the PFD came out in the fall. She believed the legislature needed to reanalyze the budget. She did not support the use of the Permanent Fund earnings. She believed the legislature needed to make more cuts.

Vice-Chair Micciche asked if Ms. Uri supported the use of partial funds under either of the bills.

Ms. Uri replied strongly in the negative.

[11:56:24 AM](#)

JOSH UEI, SELF, KENAI (via teleconference), spoke against the use of the Permanent Fund earnings reserve. He echoed the testimony made by the prior speaker Ms. Uei.

[11:57:10 AM](#)

FRED STERMAN, SELF, KENAI (via teleconference), did not support the use of the Permanent Fund. He did not support additional taxes. He supported further cuts to state government. He believed cuts needed to be made to the Division of Motor Vehicles (DMV). He spoke to the significant growth in state government.

[11:58:59 AM](#)

DANIEL LYNCH, SELF, SOLDOTNA (via teleconference), spoke against the bills. He urged the committee to leave the Permanent Fund Dividend alone. His concern was for young

families and the elderly citizens in the state. He thought there could be a 10 percent withholding that would be credited to a state income tax if worse came to worse.

[12:01:12 PM](#)

MIKE COONS, SELF, PALMER (via teleconference), spoke to a combination of the use of the Permanent Fund earnings reserve and the Constitutional Budget Reserve. He supported cutting the budget and did not support an income tax or other taxes. He did not support taking funds from Permanent Fund Dividends.

[12:04:00 PM](#)

AT EASE

[12:17:03 PM](#)

RECONVENED

ED MARTIN III, SELF, STERLING (via teleconference), testified against voting for anything that did not have new money attached. He applauded the committee for making cuts and believed more could be made. He had not seen any evidence of new money proposed that was tangible. He did not support new taxes or dipping into the Permanent Fund. He believed the legislature was setting the state up to have no cookie jar 10 years in the future. He stated that people would produce more revenues off of the land and people would thrive if given the opportunity. He thought the state should reduce its assets to something it could maintain.

[12:21:15 PM](#)

DELICE CALCOTE, SELF, SUTTON (via teleconference), spoke against SB 114 and SB 128. She had worked for the Alaska Federation of Natives and read a quote from the 1960s. The revenue sharing was a part of the negotiation and impacted everyone. She asked the committee to leave the dividend alone. She spoke to a report from the Alaska Permanent Fund Corporation (APFC) and she did not approve that it was not available publicly.

[12:24:28 PM](#)

PAM GOODE, SELF, RURAL DELTANA (via teleconference), spoke in opposition to the bills. She referred to commercials

advocating for the use of the dividend earnings, which she had been appalled by. She did not believe cuts to state government had been too significant. She believed further cuts were necessary. She spoke to activities by state agencies that were unconstitutional. She reiterated her opposition to the bills. She thought further cuts could be achieved.

Vice-Chair Micciche appreciated testimony from all residents. He CLOSED public testimony.

SB 114 was HEARD and HELD in committee for further consideration.

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

#sb91

SENATE BILL NO. 91

"An Act relating to protective orders; relating to conditions of release; relating to community work service; relating to credit toward a sentence of imprisonment for certain persons under electronic monitoring; relating to the restoration under certain circumstances of an administratively revoked driver's license, privilege to drive, or privilege to obtain a license; allowing a reduction of penalties for offenders successfully completing court-ordered treatment programs for persons convicted of driving under the influence; relating to termination of a revocation of a driver's license; relating to restoration of a driver's license; relating to credits toward a sentence of imprisonment, to good time deductions, and to providing for earned good time deductions for prisoners; relating to the disqualification of persons convicted of certain felony drug offenses from participation in the food stamp and temporary assistance programs; relating to probation; relating to mitigating factors; relating to treatment programs for prisoners; relating to the duties of the commissioner of corrections; amending Rules 32 and 35(b), Alaska Rules of Criminal Procedure; and providing for an effective date."

SB 91 was SCHEDULED but not HEARD.

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ADJOURNMENT

12:29:28 PM

The meeting was adjourned at 12:29 p.m.