

ALASKA STATE LEGISLATURE
SENATE STATE AFFAIRS STANDING COMMITTEE

February 4, 2016

5:30 p.m.

MEMBERS PRESENT

Senator Bill Stoltze, Chair
Senator John Coghill, Vice Chair
Senator Charlie Huggins
Senator Bill Wielechowski

MEMBERS ABSENT

Senator Lesil McGuire

COMMITTEE CALENDAR

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."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 128

SHORT TITLE: PERM. FUND: DEPOSITS; DIVIDEND; EARNINGS

SPONSOR(S): RULES BY REQUEST OF THE GOVERNOR

01/19/16	(S)	READ THE FIRST TIME - REFERRALS
01/19/16	(S)	STA, FIN
01/26/16	(S)	STA AT 9:00 AM BUTROVICH 205
01/26/16	(S)	Heard & Held
01/26/16	(S)	MINUTE(STA)
01/28/16	(S)	STA AT 9:00 AM BUTROVICH 205
01/28/16	(S)	Heard & Held
01/28/16	(S)	MINUTE(STA)
02/02/16	(S)	STA AT 9:00 AM BUTROVICH 205
02/02/16	(S)	Heard & Held
02/02/16	(S)	MINUTE(STA)
02/04/16	(S)	STA AT 9:00 AM BUTROVICH 205

02/04/16

(S)

STA AT 5:30 PM BUTROVICH 205

WITNESS REGISTER

DAVE HANSON, representing himself

Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 128.

CHARLES MCKEE, representing himself

Anchorage, Alaska

POSITION STATEMENT: Did not provide a position on SB 128.

MICHAEL CHAMBERS, representing himself

Anchorage, Alaska

POSITION STATEMENT: Testified in opposition of SB 128.

LAURA BONNER, representing herself

Anchorage, Alaska

POSITION STATEMENT: Testified in opposition of SB 128.

JOSEPH JAMES, representing himself

Anchorage, Alaska

POSITION STATEMENT: Testified in opposition of SB 128.

KURT AUTOR, representing himself

Anchorage, Alaska

POSITION STATEMENT: Testified in opposition of SB 128.

TOM LAKOSH, representing himself

Anchorage, Alaska

POSITION STATEMENT: Testified in opposition of SB 128.

SHAWN WARNER, representing himself

Anchorage, Alaska

POSITION STATEMENT: Testified in opposition of SB 128.

RAY KREIG, representing himself

Anchorage, Alaska

POSITION STATEMENT: Testified in opposition of SB 128.

LAUREN BLANCHETT, representing herself

Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 128.

DAVID BOYLE, representing himself

Anchorage, Alaska

POSITION STATEMENT: Testified in opposition of SB 128.

DAN ZANTEK, representing himself
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 128 with a proviso.

CHUCK STIELSTRA, representing himself
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 128.

BERNIE KARL, representing himself
Chena Hot Springs, Alaska

POSITION STATEMENT: Testified in support of SB 128.

PAMELA GOODE, representing herself
Deltana, Alaska

POSITION STATEMENT: Testified in opposition of SB 128.

JAMES SQUYRES, representing himself
Deltana, Alaska

POSITION STATEMENT: Testified in opposition of SB 128.

ED MARTIN JR., representing himself
Cooper Landing, Alaska

POSITION STATEMENT: Testified in opposition of SB 128.

EDWARD WITBECK, representing himself
Kenai, Alaska

POSITION STATEMENT: Testified in opposition of SB 128.

PETER PROBASCO, representing himself
Palmer, Alaska

POSITION STATEMENT: Testified in opposition of SB 128.

JIM SYKES, representing himself
Palmer, Alaska

POSITION STATEMENT: Testified in support of SB 128, with changes.

GARVAN BUCARIA, representing himself
Wasilla, Alaska

POSITION STATEMENT: Testified in opposition of SB 128.

DAVE GLENN, representing himself
Wasilla, Alaska

POSITION STATEMENT: Testified in opposition of SB 128.

LARRY DEVILBISS, representing himself
Wasilla, Alaska
POSITION STATEMENT: Testified in opposition of SB 128.

MIKE SWANSON, representing himself
Palmer, Alaska
POSITION STATEMENT: Testified in opposition of SB 128.

EARL LACKEY, representing himself
Wasilla, Alaska
POSITION STATEMENT: Testified in opposition of SB 128.

STEVE ST. CLAIR, representing himself
Wasilla, Alaska
POSITION STATEMENT: Testified in opposition of SB 128.

BETH FREAD, representing herself
Palmer, Alaska
POSITION STATEMENT: Testified in opposition of SB 128.

CINDY BETTINE, representing herself
Big Lake, Alaska
POSITION STATEMENT: Did not provide a position on SB 128.

MIKE COONS, representing himself
Palmer, Alaska
POSITION STATEMENT: Testified in opposition of SB 128.

DONALD WESTLUND, representing himself
Ketchikan, Alaska
POSITION STATEMENT: Testified in opposition of SB 128.

HANNAH RAMINSKEY, representing herself
Ketchikan, Alaska
POSITION STATEMENT: Testified in opposition of SB 128.

KEVIN MOTO, representing himself
Deering, Alaska
POSITION STATEMENT: Testified in opposition of SB 128.

BARRY WAGGONER, representing himself
Copper Center, Alaska
POSITION STATEMENT: Testified in opposition of SB 128.

GLENESE PETTEY, representing herself
Kenai, Alaska
POSITION STATEMENT: Testified in opposition of SB 128.

BROTHER TOM PATMOR, representing himself
Clam Gulch, Alaska
POSITION STATEMENT: Testified in opposition of SB 128.

FRED STURMAN, representing himself
Kenai, Alaska
POSITION STATEMENT: Testified in opposition of SB 128.

BILL WARREN, representing himself
Nikiski, Alaska
POSITION STATEMENT: Testified in opposition of SB 128.

GEORGE PIERCE, representing himself
Kasilof, Alaska
POSITION STATEMENT: Testified in opposition of SB 128.

GLENN HERMANN, representing himself
Anchorage, Alaska
POSITION STATEMENT: Testified in opposition of SB 128.

EARL FISK, representing himself
Kenai, Alaska
POSITION STATEMENT: Testified in opposition of SB 128.

DIANNE MACRAE, representing herself
Kenai, Alaska
POSITION STATEMENT: Testified in opposition of SB 128.

J.R. BOBECK, representing himself
Kenai, Alaska
POSITION STATEMENT: Testified in opposition of SB 128.

KEN FARAND, representing himself
Valdez, Alaska
POSITION STATEMENT: Testified in opposition of SB 128.

JIM HOTAI WILLIAMS, representing himself
Valdez, Alaska
POSITION STATEMENT: Testified in opposition of SB 128.

ALAN CRUME, representing himself
Valdez, Alaska
POSITION STATEMENT: Testified in opposition of SB 128.

MARY NANUWAK, representing herself
Bethel, Alaska

POSITION STATEMENT: Did not provide a position on SB 128.

MIKE MCCARTHY, representing himself
Homer, Alaska

POSITION STATEMENT: Testified in opposition of SB 128.

DAN SULLIVAN, representing himself
Petersburg, Alaska

POSITION STATEMENT: Testified in support of SB 128.

DAVE GLADDEN, representing himself
Dillingham, Alaska

POSITION STATEMENT: Testified in opposition of SB 128.

MATT DONOHOE, representing himself
Sitka, Alaska

POSITION STATEMENT: Testified in opposition of SB 128.

BARRY SOLIE, representing himself
Kenai, Alaska

POSITION STATEMENT: Testified in opposition of SB 128.

BERT SHARP, representing himself
Fairbanks, Alaska

POSITION STATEMENT: Testified in opposition of SB 128.

GERALD WHITTON, representing himself
Fairbanks, Alaska

POSITION STATEMENT: Testified in opposition of SB 128.

LUKE HOPKINS, representing himself
Fairbanks, Alaska

POSITION STATEMENT: Testified in favor of SB 128.

JEAN JAMES, representing herself
Fairbanks, Alaska

POSITION STATEMENT: Testified in favor of SB 128.

WILL FINLEY, representing himself
Fairbanks, Alaska

POSITION STATEMENT: Testified in opposition of SB 128.

CEEZAR MARTINSON, representing himself
Anchorage, Alaska

POSITION STATEMENT: Testified in opposition of SB 128.

BAERENT STRANDBERG, representing himself

Anchorage, Alaska

POSITION STATEMENT: Testified in opposition of SB 128.

CARL BERGER, representing himself

Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 128.

GEORGE GRIFFING, representing himself

Kodiak, Alaska

POSITION STATEMENT: Testified in support of SB 128.

NICK SZABO, representing himself

Kodiak, Alaska

POSITION STATEMENT: Testified in support of SB 128.

JAKE JACOBSEN, representing himself

Kodiak, Alaska

POSITION STATEMENT: Testified in opposition of SB 128.

ALEXANDER HOKE, representing himself

Juneau, Alaska

POSITION STATEMENT: Testified in opposition of SB 128.

MARTIN STEPETIN SR., representing himself

Juneau, Alaska

POSITION STATEMENT: Testified in support of SB 128 with modifications.

ERIN HARRINGTON, representing herself

Kodiak, Alaska

POSITION STATEMENT: Testified in support of SB 128 with modifications.

BILL TREMBLAY, representing himself

Petersburg, Alaska

POSITION STATEMENT: Testified in support of SB 128.

KENNY BINGAMEN, representing himself

Soldotna, Alaska

POSITION STATEMENT: Testified in opposition of SB 128.

NANCY HILLSTRAND, representing herself

Kachemak Bay, Alaska

POSITION STATEMENT: Testified in opposition of SB 128.

GEORGE SMITH, representing himself

Anchorage, Alaska

POSITION STATEMENT: Testified in opposition of SB 128.

DENNY KAY WEATHERS, representing herself
Hawkins Island-Prince Williams Sound, Alaska

POSITION STATEMENT: Testified in opposition of SB 128.

DONNA ENDRESEN, representing herself
Soldotna, Alaska

POSITION STATEMENT: Testified in opposition of SB 128.

ROSS MULLINS, representing himself
Cordova, Alaska

POSITION STATEMENT: Testified in support of SB 128.

CAROLYN DALILAK, representing herself
Anchorage, Alaska

POSITION STATEMENT: Did not provide a position on SB 128.

MELANIE GLATT, representing herself
Palmer, Alaska

POSITION STATEMENT: Did not provide a position on SB 128.

TIM BUCKMAN, representing himself
Houston, Alaska

POSITION STATEMENT: Testified in opposition of SB 128.

DON SKINNER, representing himself
Kenai, Alaska

POSITION STATEMENT: Testified in on opposition of SB 128.

MARK WIGGIN, representing himself
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 128 with
modifications.

DONALD JOHNSON, representing himself
Soldotna, Alaska

POSITION STATEMENT: Testified in opposition of SB 128.

CRAIG DOUGLAS, representing himself
Anchorage, Alaska

POSITION STATEMENT: Did not provide a position on SB 128.

JOHN TACKETT, representing himself
Wasilla, Alaska

POSITION STATEMENT: Testified in opposition of SB 128.

JOHN STRASENBURGH, representing himself
Talkeetna, Alaska

POSITION STATEMENT: Did not provide a position on SB 128.

ROGER COPE, representing himself
Fairbanks, Alaska

POSITION STATEMENT: Testified in opposition of SB 128.

SHELLY FINKLER, representing herself
Eagle River, Alaska

POSITION STATEMENT: Testified in opposition of SB 128.

ANDREE MCLEAOD, representing herself
Anchorage, Alaska

POSITION STATEMENT: Testified in opposition of SB 128.

MARY BISHOP, representing herself
Anchorage, Alaska

POSITION STATEMENT: Testified in opposition of SB 128.

BILL SEITZ, representing himself
Anchorage, Alaska

POSITION STATEMENT: Testified in opposition of SB 128.

MERRICK PIERCE, representing himself
Fairbanks, Alaska

POSITION STATEMENT: Did not provide a position on SB 128.

ACTION NARRATIVE

[5:30:15 PM](#)

CHAIR BILL STOLTZE called the Senate State Affairs Standing Committee meeting to order at 5:30 p.m. Present at the call to order were Senators Coghill, Huggins, and Chair Stoltze.

SB 128-PERM. FUND: DEPOSITS; DIVIDEND; EARNINGS

[5:30:26 PM](#)

CHAIR STOLTZE announced the consideration of SB 128. He explained that the committee would hear public testimony on the governor's Permanent Fund dividend bill, part of his approach to the state's fiscal gap. He noted that Commissioner Hoffbeck from the Department of Revenue was in attendance.

[5:32:31 PM](#)

DAVE HANSON, representing himself, Anchorage, Alaska, testified in support of SB 128. He qualified that his support assumes that reasonable budget cuts will be made. He asserted that the state can live with a capped dividend and action must take place immediately.

[5:33:13 PM](#)

SENATOR WIELECHOWSKI joined the committee meeting.

[5:35:36 PM](#)

CHARLES MCKEE, representing himself, Anchorage, Alaska, did not provide a position on SB 128. He offered recommendations on addressing the state's budget deficit.

[5:39:14 PM](#)

MICHAEL CHAMBERS, representing himself, Anchorage, Alaska, testified in opposition of SB 128. He specified that the bill was an assault on the private sector in order to maintain and grow the public sector.

[5:39:26 PM](#)

LAURA BONNER, representing herself, Anchorage, Alaska, testified in opposition of SB 128. She stated that the Permanent Fund dividend was important to Alaska's economy. She specified that the Constitutional Budget Reserve Fund and the earnings from the Permanent Fund should not be rolled into the Permanent Fund's principal. She opined that paying dividends on royalties does not allow Alaskans to be beneficiaries from the Permanent Fund's investment gains and noted that reduced oil production would lower dividends tied to royalties. She conceded that the Legislature must ultimately use part of the earnings reserve and new sources of revenues to close the budget gap. She set forth that the Legislature must act this year.

[5:41:27 PM](#)

JOSEPH JAMES, representing himself, Anchorage, Alaska, testified in opposition of SB 128. He remarked that world events could affect oil prices without notice. He recommended that a provision be included that addressed oil price changes.

[5:43:02 PM](#)

KURT AUTOR, representing himself, Anchorage, Alaska, testified in opposition of SB 128. He stated that his primary concern is the bill does not have sunset provisions that takes into account changes in circumstances. He remarked that transferring the Permanent Fund earnings into general revenue with no accountability violates the purpose and intent of the fund. He

noted that Alaskans have repeatedly voted against previous attempts to change the Permanent Fund. He set forth that constitutional protections need to be put into place that reinforce the citizen ownership of the state's natural resource wealth.

[5:45:25 PM](#)

TOM LAKOSH, representing himself, Anchorage, Alaska, testified in opposition of SB 128. He asserted that SB 128 was unconstitutional and money should not be spent on constitutional litigation. He recommended that personal and corporate income taxes be considered. He said changes to the Permanent Fund dividend would be the most regressive tax that could be imposed on Alaskans.

[5:47:49 PM](#)

SHAWN WARNER, representing himself, Anchorage, Alaska, testified in opposition of SB 128. He stated that the Permanent Fund dividend helps many people and hopes that the government does not use the fund.

[5:48:38 PM](#)

RAY KREIG, representing himself, Anchorage, Alaska, testified in opposition of SB 128. He said the Permanent Fund dividend was income to a broad-based sector in Alaska and a primary economic driver. He asserted that taking 50 to 60 percent of the dividend away from families and individuals was an extremely regressive move. He said the state's budget would be balanced on the backs of ordinary people. He explained that he was not in favor of an income tax at the current time. He set forth that a sustainable state budget should be based on a reasonable per-barrel figure, approximately \$40 per barrel. He asserted that spending cuts must be made before changes are made to the dividend.

[5:50:41 PM](#)

LAUREN BLANCHETT, representing herself, Anchorage, Alaska, testified in support of SB 128. She asserted that using the Permanent Fund was one of the tools available to fund state government.

[5:52:02 PM](#)

DAVID BOYLE, representing himself, Anchorage, Alaska, testified in opposition of SB 128. He stated that budget cuts should occur before cuts are made to the Permanent Fund dividend. He asserted that the dividend helps low-income Alaskans.

[5:53:59 PM](#)

DAN ZANTEK, representing himself, Anchorage, Alaska, testified in support of SB 128 with a caveat. He asked that the Legislature do something during the current session. He said he favored using a portion of Permanent Fund earnings so that the dividends may be sustained. He remarked that Governor Hammond first proposed that the Permanent Fund be used as a rainy-day fund and the rainy day has arrived for the state.

[5:54:59 PM](#)

CHUCK STIELSTRA, representing himself, Anchorage, Alaska, testified in support of SB 128. He said he supports the governor's mixed approach in tackling the state's deficit by cutting expenditures and spreading out the pain through a variety of taxes. He suggested that a sales tax be included. He asserted that the Permanent Fund dividend was public money that should be used for public purposes before taxation.

[5:57:11 PM](#)

BERNIE KARL, representing himself, Chena Hot Springs, Alaska, testified in support of SB 128. He stated, "No simple solutions, only intelligent choices." He set forth that legislators have the toughest job of anybody in the history of Alaska to figure things out, but making no decision will harm the state. He recommended that more cuts be made as well as instituting an income tax and sales tax.

[6:00:25 PM](#)

PAMELA GOODE, representing herself, Deltana, Alaska, testified in opposition of SB 128. She asserted that the bill "hands over the keys" to the state's multi-billion dollar lockbox that belongs to the people. She asserted that the Permanent Fund was set up to keep the hands of the politicians and special-interests out of it. She pointed out that rather than providing an increasing Permanent Fund dividend, Alaskans would receive a dividend from a decreasing petroleum royalty's fund.

[6:01:59 PM](#)

JAMES SQUYRES, representing himself, Deltana, Alaska, testified in opposition of SB 128. He asserted that decreasing the size of government should be considered prior to addressing revenue and Permanent Fund proposals.

[6:03:49 PM](#)

ED MARTIN JR., representing himself, Cooper Landing, Alaska, testified in opposition of SB 128. He asked that the Permanent Fund dividend not be touched. He suggested that earnings be used from the sale of land to Alaskans.

[6:08:21 PM](#)

EDWARD WITBECK, representing himself, Kenai, Alaska, testified in opposition of SB 128. He recommended that the Permanent Fund not be touched, incentives to oil companies eliminated, and legislative corruption addressed.

[6:10:22 PM](#)

PETER PROBASCO, representing himself, Palmer, Alaska, testified in opposition of SB 128. He said the bill was premature and an effort to do away with the Permanent Fund. He asserted that changes to the Permanent Fund should be decided by a vote of the people. He stated that he was in favor of zero-based budgeting.

[6:11:07 PM](#)

JIM SYKES, representing himself, Palmer, Alaska, testified in support of SB 128 with changes. He said the state has a short term and a long-term problem. He remarked that changes to the Permanent Fund require concrete and bulletproof sideboards to make sure the Permanent Fund is permanent. He said the full dividend needs to be paid so that the money can work its way through the Alaska economy. He recommended that a sunset clause be added for when the oil market returns to normal times. He suggested that a gasoline tax be considered as well.

[6:13:48 PM](#)

GARVAN BUCARIA, representing himself, Wasilla, Alaska, testified in opposition of SB 128. He asked that state government be cut, the Permanent Fund protected and sustained, capital spending eliminated, and changes to the Permanent Fund should be voted on by Alaskans. He pointed out that sovereign-wealth funds in many countries have been exhausted.

[6:15:52 PM](#)

DAVE GLENN, representing himself, Wasilla, Alaska, testified in opposition of SB 128. He declared that current financial conditions in the state calls for sacrifice by all Alaskans. He suggested that the Permanent Fund be cashed out where the state retains half and the other half is paid out to citizens.

[6:18:26 PM](#)

LARRY DEVILBISS, representing himself, Wasilla, Alaska, testified in opposition of SB 128. He explained that the Permanent Fund has had a positive economic impact on his business. He asked that committee members keep in mind the impact that the dividend has on local economies. He remarked that the Permanent Fund was set up as a renewable resource. He

set forth that in order to be sustainable, the cost of government must be reduced and everyone has to live within the earnings potential of the Permanent Fund.

[6:19:58 PM](#)

MIKE SWANSON, representing himself, Palmer, Alaska, testified in opposition of SB 128. He commended Governor Walker for his efforts to address Alaska's fiscal crisis. He opined that reconstituting and artificially capping the Permanent Fund dividend is not an appropriate solution. He declared that using the Permanent Fund's earnings reserve is the most sustainable way to balance the state budget. He conceded that there will be times when dividends are negatively impacted, but Alaskans should be able to share in the prosperity of the fund in times of plenty without restriction. He remarked that he is willing to pay added taxes and a portion of the dividend if government spending is scaled back to a sustainable level.

[6:22:33 PM](#)

EARL LACKEY, representing himself, Wasilla, Alaska, testified in opposition of SB 128. He asserted that capping the Permanent Fund dividend was a negative for the state. He suggested that government costs be cut, the Permanent Fund earnings be tapped and a sales tax be instituted.

[6:24:10 PM](#)

STEVE ST. CLAIR, representing himself, Wasilla, Alaska, testified in opposition of SB 128. He said there was some misinformation on the Permanent Fund and suggested that more education be provided to Alaskans. He remarked that the governor should not be allowed to use his position as a platform to spend Alaskans' money on pushing his bill. He noted that Alaskans are not allowed to drill for oil or minerals in their backyard and the Permanent Fund acts as compensation. He summarized that SB 128 was a permanent solution to a temporary problem.

[6:26:57 PM](#)

BETH FREAD, representing herself, Palmer, Alaska, testified in opposition of SB 128. She stated that any consideration in spending from the Permanent Fund should only happen after government spending cuts are made. She said the Permanent Fund dividend should not be eliminated and noted the dividend's positive economic impact in the state.

[6:29:19 PM](#)

CINDY BETTINE, representing herself, Big Lake, Alaska, did not provide a position on SB 128. She said she is not opposed to

using the Permanent Fund dividend to help soften the blow to Alaska's economy. She remarked that she did not know if SB 128 was perfect or exactly the way it should be. She noted that sunset clauses were suggested as a hope that Alaska's economy improves. She summarized that SB 128 should be worked on and improved with the public's input.

[6:31:08 PM](#)

MIKE COONS, representing himself, Palmer, Alaska, testified in opposition of SB 128. He asserted that Governor Walker wants to cut the state's budget by a small amount and increase government spending through increased taxation. He suggested that the Permanent Fund earnings reserve be used as intended by Governor Hammond.

[6:33:45 PM](#)

DONALD WESTLUND, representing himself, Ketchikan, Alaska, testified in opposition of SB 128. He said he supports the concept of SB 128, but does not support an income tax where money from dividends is paid back to the state. He suggested that Permanent Fund dividends not be issued for two to four years and all earnings placed into a sovereign wealth fund. He recommended that a sunset clause be included and government spending lowered.

[6:35:31 PM](#)

HANNAH RAMINSKEY, representing herself, Ketchikan, Alaska, testified in opposition of SB 128. She asserted that state government continues to grow at unchecked levels. She asked that the state-employee plan to use Permanent Fund earnings to operate the government be assessed by the non-political Permanent Fund investors as to what is sustainable.

[6:38:11 PM](#)

KEVIN MOTO, representing himself, Deering, Alaska, testified in opposition of SB 128. He remarked that the Permanent Fund dividend contributes to rural Alaska's economy. He asserted that reducing the Permanent Fund dividend will create a bigger rural-urban divide.

[6:39:28 PM](#)

BARRY WAGGONER, representing himself, Copper Center, Alaska, testified in opposition of SB 128. He said he did not agree with taking funds from the Permanent Fund. He asserted that the government must live within a budget. He remarked that a sales tax should be all-inclusive.

CHAIR STOLTZE acknowledged Darwin Peterson, Legislative Director, for being in attendance at the committee meeting.

[6:41:06 PM](#)

GLENESE PETTEY, representing herself, Kenai, Alaska, testified in opposition of SB 128. She said private-property owners do not have mineral or oil rights and the Permanent Fund is an exchange for the rights that were taken away. She asked that government cuts be taken into serious consideration and insisted that state government live within a budget. She pointed out that the bill does not take into consideration when Alaska's economy goes back up.

[6:42:55 PM](#)

BROTHER TOM PATMOR, representing himself, Clam Gulch, Alaska, testified in opposition of SB 128. He suggested that the Permanent Fund loan money to state government. He asserted that a separate loan fund could be created where the state sells its real estate holdings, stocks, and generates added revenue from marijuana sales.

[6:44:38 PM](#)

FRED STURMAN, representing himself, Kenai, Alaska, testified in opposition of SB 128. He said state government needs to spend more time figuring out how to cut spending.

[6:46:44 PM](#)

BILL WARREN, representing himself, Nikiski, Alaska, testified in opposition of SB 128. He remarked that he is not for using the Permanent Fund dividend. He said state government spending should be cut, an income tax instituted and the gas line built.

[6:49:07 PM](#)

GEORGE PIERCE, representing himself, Kasilof, Alaska, testified in opposition of SB 128. He asserted that his Permanent Fund dividend should not be touched by state government. He recommended that the Permanent Fund not be used to bail out legislators, spending should be cut and an income tax instituted.

[6:51:55 PM](#)

GLENN HERMANN, representing himself, Anchorage, Alaska, testified in opposition of SB 128. He asserted that spending from the Permanent Fund is a temporary fix and will not solve anything. He stated that the size of state government must be reduced.

[6:54:29 PM](#)

EARL FISK, representing himself, Kenai, Alaska, testified in opposition of SB 128. He remarked that the Permanent Fund was set up for the people and not the government. He recommended that state government reduce spending.

[6:56:09 PM](#)

DIANNE MACRAE, representing herself, Kenai, Alaska, testified in opposition of SB 128. She said the money from the Permanent Fund dividend is due to Alaskans as compensation for taking away rights to property. She recommended that the state's budget be cut first.

[6:57:59 PM](#)

J.R. BOBECK, representing himself, Kenai, Alaska, testified in opposition of SB 128. He said his family uses the Permanent Fund dividend to assist with paying bills. He asked that government limit spending and live within a budget.

[6:59:50 PM](#)

KEN FARAND, representing himself, Valdez, Alaska, testified in opposition of SB 128. He suggested that the Permanent Fund be cashed out to residents or provide for people to donate \$150 to the government rather than taking money from people. He said he does not want anyone touching his dividend. He stated that he appreciates his dividend and usually spends it in Alaska.

[7:01:25 PM](#)

JIM HOTAI WILLIAMS, representing himself, Valdez, Alaska, testified in opposition of SB 128. He said the Permanent Fund is owned by the citizens of Alaska. He stated that Governor Hammond devised the Permanent Fund to keep the government away from spending it. He suggested that state government spending be cut.

[7:03:12 PM](#)

ALAN CRUME, representing himself, Valdez, Alaska, testified in opposition of SB 128. He asserted that grabbing the Permanent Fund is just opening up a bank account for state government. He recommended that state government take a vow to cut costs.

[7:08:20 PM](#)

MARY NANUWAK, representing herself, Bethel, Alaska, did not provide a position on SB 128.

[7:09:31 PM](#)

MIKE MCCARTHY, representing himself, Homer, Alaska, testified in opposition of SB 128. He said the bill is the wrong first step

in resolving the state's budget crisis. He said every Alaskan needs "skin in the game" and suggested that an income tax be the first step. He noted that taking the Permanent Fund dividend away only affects residents whereas an income tax would include non-resident wage earners. He opined that the Permanent Fund dividend provides fixed-income retirees, disables and bush-Alaskans with a security cushion to pay their bills. He asked that government cut spending and noted that terminating mega-projects would save the state \$7.66 billion. He suggested that the business and administrative functions of rural school districts be consolidated, but schools should not be closed.

[7:12:41 PM](#)

DAN SULLIVAN, representing himself, Petersburg, Alaska, testified in support of SB 128. He said the state needs multiple solutions to solve its crisis and cannot cut its way out without having devastating effects on the economy. He suggested that a modest income tax be instituted to support services. He summarized that he supports using part of the Permanent Fund for state government as well as allowing residents to receive a partial check.

[7:13:55 PM](#)

DAVE GLADDEN, representing himself, Dillingham, Alaska, testified in opposition of SB 128. He said Governor Hammond set up the Permanent Fund as the people's resource that needed to be permanently protected. He suggested that government cut spending and a capped-income tax be instituted.

[7:16:09 PM](#)

MATT DONOHOE, representing himself, Sitka, Alaska, testified in opposition of SB 128. He said the Permanent Fund dividend has become an important economic engine for Alaska, especially in rural Alaska. He remarked that the Permanent Fund was created to ensure residents had a vested interest in what happens to the money and to protect the money from legislative raids. He said the rural communities run on local-sales taxes and adding a state-sales tax would be devastating.

[7:21:30 PM](#)

BARRY SOLIE, representing himself, Kenai, Alaska, testified in opposition of SB 128. He said he favors balancing the budget through spending cuts before taxation consideration. He asserted that using the Permanent Fund dividend was one of the most regressive taxes imaginable.

[7:21:56 PM](#)

BERT SHARP, representing himself, Fairbanks, Alaska, testified in opposition of SB 128. He said he does not support the governor's plan to dedicate funds from the Permanent Fund to support state government in perpetuity and the dividend would be in danger of going away.

[7:25:15 PM](#)

GERALD WHITTON, representing himself, Fairbanks, Alaska, testified in opposition of SB 128. He recommended that the dividend be reduced to \$1,000 or less, a state income tax reinstated, a luxury tax on large purchases instituted, fuel taxes raised and a committee of experts formed to provide solutions.

[7:28:36 PM](#)

LUKE HOPKINS, representing himself, Fairbanks, Alaska, testified in favor of SB 128. He set forth that the governor's bill is a set of strong tools that keeps the state's economy running along with keeping jobs.

[7:30:53 PM](#)

JEAN JAMES, representing herself, Fairbanks, Alaska, testified in favor of SB 128. She said positive action must occur during the session. She remarked that the fiscal gap would not be covered even if the entire state budget was cut. She stated that she supported a state-income tax as well, especially by having non-residents contribute.

[7:33:14 PM](#)

WILL FINLEY, representing himself, Fairbanks, Alaska, testified in opposition of SB 128. He noted that the Legislature squandered funds when it did not use an \$8 billion surplus to fund the state's unfunded liabilities. He said the Permanent Fund is the people's money and the government should not have access to the fund. He asserted that there is no need for additional taxes and the Legislature should not plan its budgets on \$100 per barrel of oil.

[7:36:09 PM](#)

CEEZAR MARTINSON, representing himself, Anchorage, Alaska, testified in opposition of SB 128. He said he opposes tampering with the Permanent Fund dividend. He opined that the Permanent Fund dividend is a critical component of the Alaska economy in terms of the support it provides to businesses and families. He suggested that the state move towards zero-based budgeting and not target the Permanent Fund dividend. He asserted that the

administration was wasting public funds in selling their plan to Alaskans.

[7:39:49 PM](#)

BAERENT STRANDBERG, representing himself, Anchorage, Alaska, testified in opposition of SB 128. He suggested that government spending be cut.

[7:43:46 PM](#)

CARL BERGER, representing himself, Anchorage, Alaska, testified in support of SB 128. He commended the governor for introducing SB 128 as a starting point and urged the Legislature to act during the session. He remarked that the Permanent Fund dividend be continued at a \$1,000 maximum level in order to help a lot of rural residents who depend on the dividend. He suggested that spending be cut, fuel tax increased, income tax reinstated and out of state workers taxed. He opined that an income tax would put people's "skin in the game" to specifically address mega-projects.

[7:46:42 PM](#)

GEORGE GRIFFING, representing himself, Kodiak, Alaska, testified in support of SB 128. He asserted that the governor has done his homework and made comprehensive proposals that would go a long way in diversifying the state's financial plan.

[7:49:26 PM](#)

NICK SZABO, representing himself, Kodiak, Alaska, testified in support of SB 128. He said the governor's proposal would bring stability to the state's budget. He remarked that the state's budget could not be balanced even if all state services were cut. He asserted that additional revenue sources be instituted via income and sales taxes. He said something has to be done during the current session.

[7:50:52 PM](#)

JAKE JACOBSEN, representing himself, Kodiak, Alaska, testified in opposition of SB 128. He said he does not support changes to the current Permanent Fund dividend system. He stated that he favors a drastic reduction in the size of government, instituting sales and income taxes, and revising natural resource taxes that targets oil, mining, tourism, and fishing. He suggested that effective ethics rules be established to stop unrestrained government spending.

[7:53:41 PM](#)

ALEXANDER HOKE, representing himself, Juneau, Alaska, testified in opposition of SB 128. He asserted that Governor Hammond's vision was to share a portion of wealth with present and future Alaskans. He said the governor's plan creates an almost direct pipeline from Permanent Fund earnings right into government coffers without accountability to citizens. He recommended that taxes be instituted and the government's size cut. He conceded that Permanent Fund earnings will have to be used to help the state solve the fiscal problem.

[7:57:13 PM](#)

MARTIN STEPETIN SR., representing himself, Juneau, Alaska, testified in support of SB 128 with modifications. He asserted that the state has no choice but to use the Permanent Fund and to institute taxation. He urged that the Legislature do something every day to solve the state's fiscal problem. He noted that he does not support a gas tax due to the state's high fuel prices and suggested that non-resident workers pay income taxes.

[7:59:57 PM](#)

ERIN HARRINGTON, representing herself, Kodiak, Alaska, testified in support of SB 128 with modifications. She pointed out that prior testimony indicates that a knowledge gap exists between a number of citizens and the legislators. She said the governor's bill was a starting point and asked that the Legislature act during the current session. She expressed that she appreciates the calls for cuts and noted that she sees places for efficiency in government, but asserted that taking action to stabilize the state's revenue sources is the first step. She said instituting an income tax would put "skin in the game" with legislators on spending.

[8:02:50 PM](#)

BILL TREMBLAY, representing himself, Petersburg, Alaska, testified in support of SB 128. He asked that legislators act during the current session. He said cutting government spending should be judicious where attention is paid to essential services and the basic support needed to function properly. He recommended that an income tax be instituted first, especially to tax non-resident workers. He remarked that he does not support a state-sales tax and noted the additional cost to local-sales taxes that are already in place. He noted that a study showed a majority of people would prefer to pay a state-sales tax first. He added that 56 percent of residents do not pay a local-sales tax.

CHAIR STOLTZE pointed out that there are communities that pay their way through property taxes pretty heavily too.

MR. TREMBLAY replied that Petersburg has a 6 percent sales tax and an 11-mill property tax.

CHAIR STOLTZE asserted that Anchorage and Mat-Su pay their way through property taxes.

[8:06:23 PM](#)

KENNY BINGAMEN, representing himself, Soldotna, Alaska, testified in opposition of SB 128. He pointed out that the state spends over \$16,000 per resident and the average per capita spending in the Lower 48 was \$5,300 per resident. He asserted that the Permanent Fund dividend was established to be kept for Alaskans. He suggested that an income tax be strictly assessed on non-resident workers and a Permanent Fund cash out for residents be considered. He pointed out that previous testimony was approximately 85 percent against SB 128.

[8:09:43 PM](#)

NANCY HILLSTRAND, representing herself, Kachemak Bay, Alaska, testified in opposition of SB 128. She asked that the current financial crisis be used by the state to "tighten its belt." She remarked that she worried about using the Permanent Fund to support government due to accountability issues. She suggested that spending be cut and to change to an economy that is based on taxation and spending.

[8:12:21 PM](#)

GEORGE SMITH, representing himself, Anchorage, Alaska, testified in opposition of SB 128. He asked that the Permanent Fund dividend not be touched and new taxes not be instituted. He said state government has to learn how to live within a budget.

[8:13:28 PM](#)

DENNY KAY WEATHERS, representing herself, Hawkins Island-Prince Williams Sound, Alaska, testified in opposition of SB 128. She noted that during low oil prices in 1999, a similar attempt was made by state government to use the Permanent Fund earnings and approximately 84 percent of Alaskans voted "no." She said the current fiscal problem was due to overspending.

[8:16:21 PM](#)

DONNA ENDRESEN, representing herself, Soldotna, Alaska, testified in opposition of SB 128. She said the state's budget and spending must be cut. She specified that the Permanent Fund

should not be touched. She suggested that any reserves used by the Legislature be treated as a loan that is paid back in 3 to 5 years. She asserted that a sales tax would not work for residents that live in boroughs that already have a sales tax. She stated that she also opposes an income tax due to the Legislature's unaccountable spending.

[8:18:54 PM](#)

ROSS MULLINS, representing himself, Cordova, Alaska, testified in support of SB 128. He asserted that the proposed sovereign-wealth fund plan by Governor Walker is the only way to resolve the budget crisis without subjecting Alaskans to unnecessary pain. He conceded that cuts are important and the budget should be trimmed to the maximum extent that is reasonably possible. He asked that legislators rise above the narrow self-interest that is often displayed in testimony of those who absolutely do not want the Permanent Fund dividend cut. He noted testimony at a previous meeting from an expert on sovereign-wealth funds who pointed out that Alaska had the best opportunity to utilize the Permanent Fund as proposed in SB 128 to help support the state and its people. He noted that the plan proposed in SB 128 would automatically keep the constraints on government spending in both good times and bad. He conceded that Alaskans' future expectations for the Permanent Fund dividend have to be diminished due to unsustainability from the current budget crisis. He noted that he supports an income tax as opposed to a sales tax. He opined that a sales tax is regressive, particularly for those who live in rural communities that already have sales taxes.

[8:21:55 PM](#)

CAROLYN DALILAK, representing herself, Anchorage, Alaska, did not provide a position on SB 128. She said she uses the Permanent Fund dividend to pay for her family's bills. She stated that she does not support additional taxes.

[8:25:32 PM](#)

MELANIE GLATT, representing herself, Palmer, Alaska, did not provide a position on SB 128. She recommended that government cut spending. She suggested that part of the Permanent Fund earnings be used for the state budget, but specified that the dividend continue to be inflation-proofed and the fund's corpus be left alone. She said she does not favor an income tax on Alaskans, but suggested that non-resident workers be taxed. She asserted that consideration for a sales tax must encompass everyone. She suggested that the federal government pay an acreage rent on locked-up lands. She endorsed an oil pipeline

with Canada along with moving forward on the current gas pipeline project. She favored selling land to the private sector and supported economic diversification.

[8:28:14 PM](#)

TIM BUCKMAN, representing himself, Houston, Alaska, testified in opposition of SB 128. He said Governor Walker's proposal takes 90 percent of the Permanent Fund dividend and is too oppressive on Alaskans, especially the most vulnerable in the state. He asserted that the Permanent Fund dividend is the largest economic driver in the state. He set forth that taking away the Permanent Fund dividend to just support government would be a direct retraction out of the state's economy.

[8:31:11 PM](#)

DON SKINNER, representing himself, Kenai, Alaska, testified in opposition of SB 128. He pointed out that past legislators who supported using the Permanent Fund for government were not re-elected.

[8:33:09 PM](#)

MARK WIGGIN, representing himself, Anchorage, Alaska, testified in support of SB 128 with modifications. He asserted that legislators must do something quickly to balance the budget and the governor's proposal was a good place to start. He said he was willing to pay income taxes in order to avoid the calamity of a budget crisis.

[8:35:52 PM](#)

DONALD JOHNSON, representing himself, Soldotna, Alaska, testified in opposition of SB 128. He asserted that the state's budget was too high and spending must be cut.

[8:39:17 PM](#)

CRAIG DOUGLAS, representing himself, Anchorage, Alaska, did not provide a position on SB 128. He suggested tourism be taxed and spending restructured, but cautioned that strictly making cuts could have negative economic ramifications. He proposed limiting the Permanent Fund dividend for a short period of time to help the state get ahead.

[8:42:04 PM](#)

JOHN TACKETT, representing himself, Wasilla, Alaska, testified in opposition of SB 128. He opined that spending on the proposed gas pipeline has caused budgetary problems. He recommended that non-resident workers pay an income tax and that the Permanent Fund dividend be continued.

[8:45:04 PM](#)

JOHN STRASENBURGH, representing himself, Talkeetna, Alaska, did not provide a position on SB 128. He said spending on mega-projects should be halted, government spending cuts should be judicious and tax revenue sources should be explored. He read a statement from his wife, Ruth Wood, which echoed his recommendations without a position declaration on SB 128.

[8:48:31 PM](#)

ROGER COPE, representing himself, Fairbanks, Alaska, testified in opposition of SB 128. He said Alaska's budget was too high per capita and using the Permanent Fund for government spending would bankrupt the state. He asserted that the Permanent Fund should be protected and government spending reduced. He suggested that the private sector be allowed and encouraged to develop the state's natural resources for added revenue.

[8:49:42 PM](#)

SHELLY FINKLER, representing herself, Eagle River, Alaska, testified in opposition of SB 128. She said she questioned the Permanent Fund being the first piece of legislation considered as a source of revenue. She asserted that the Permanent Fund system be kept the way it is for future generations. She opined that SB 128 is an unfair form of taxation where the poor are disproportionately impacted. She suggested that an income tax and dividend tax be income-based. She summarized that spending should be cut and taxes on oil companies reexamined.

[8:52:39 PM](#)

ANDREE MCLEAOD, representing herself, Anchorage, Alaska, testified in opposition of SB 128. She remarked that SB 128 is a raid on the Permanent Fund and implied that the bill's crafting was not a transparent process. She asserted that state spending must be cut.

[8:55:19 PM](#)

MARY BISHOP, representing herself, Anchorage, Alaska, testified in opposition of SB 128. She stated that SB 128 lacks in explainability and was more susceptible to the law of unintended consequences. She suggested that the committee consider other plans, but to keep an open mind on the governor's plan as well. She said she does not mind a reduction in the amount of her Permanent Fund dividend, but does not want the dividend to go away. She proposed that the Permanent Fund dividends in the future should better reflect the state's fiscal condition at that time. She asserted that stabilizing the state's income was

more important than an individual's dividend. She suggested that sin taxes and motor-fuel taxes be raised. She stated that she does not support an income tax at this time, but a luxury tax might be considered. She proposed that municipalities should be encouraged to use sales taxes as compensation for lost municipal-sharing dollars. She recommended that the Legislature find a way to get school funding dollars from the residents of the Unorganized Borough.

8:58:23 PM

BILL SEITZ, representing himself, Anchorage, Alaska, testified in opposition of SB 128. He suggested that the Permanent Fund dividend be set at \$1,500 for five years and then reevaluated. He said any taxes should have a five-year sunset. He advised that inflation-proofing be reduced due to low inflation levels. He recommended that the state's mega-projects be eliminated.

9:00:02 PM

MERRICK PIERCE, representing himself, Fairbanks, Alaska, did not provide a position on SB 128. He recommended that government cut spending and oil production taxes be reviewed. He asserted that the state's unfunded public employee retirement obligations continue to grow and will likely be discharged through bankruptcy.

9:01:53 PM

CHAIR STOLTZE thanked the public for its participation and testimony.

[SB 128 was held in committee.]

9:03:45 PM

There being no further business to come before the committee, Chair Stoltze adjourned the Senate State Affairs Committee at 9:03 p.m.