

ALASKA STATE LEGISLATURE
SENATE STATE AFFAIRS STANDING COMMITTEE

February 16, 2016

6:01 p.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

SPONSOR SUBSTITUTE FOR SENATE BILL NO. 114

"An Act relating to the Alaska Permanent Fund Corporation, the earnings of the Alaska permanent fund, and the earnings reserve account; relating to the mental health trust fund; relating to deposits into the dividend fund; and providing for an effective date."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 114

SHORT TITLE: PERM FUND: EARNINGS, DEPOSITS, ACCOUNTS

SPONSOR(s): SENATOR(s) MCGUIRE

04/18/15	(S)	READ THE FIRST TIME - REFERRALS
04/18/15	(S)	STA, FIN
02/01/16	(S)	SPONSOR SUBSTITUTE INTRODUCED-REFERRALS
02/01/16	(S)	STA, FIN
02/04/16	(S)	STA AT 9:00 AM BUTROVICH 205
02/04/16	(S)	Scheduled but Not Heard
02/09/16	(S)	STA AT 9:00 AM BUTROVICH 205
02/09/16	(S)	Heard & Held
02/09/16	(S)	MINUTE(STA)
02/16/16	(S)	STA AT 9:00 AM BUTROVICH 205
02/16/16	(S)	STA AT 6:00 PM BUTROVICH 205

WITNESS REGISTER

JESSIE BJORKMAN, representing himself
Kenai, Alaska

POSITION STATEMENT: Testified in support of SB 114.

MICHAEL PETROVICH, Member
Teamsters Local 959
Kenai, Alaska

POSITION STATEMENT: Testified in support of SB 114.

THERESA WOODY, representing herself
Tok, Alaska

POSITION STATEMENT: Testified in opposition to SB 114.

PATRICK WOODY, representing himself
Tok, Alaska

POSITION STATEMENT: Testified in opposition to SB 114.

RHONDA VANZANDT, representing herself
Tok, Alaska

POSITION STATEMENT: Testified in opposition to SB 114.

JEFFERY VANZANDT, representing himself
Tok, Alaska

POSITION STATEMENT: Testified in opposition to SB 114.

JAMES L. WILLIAMS, representing himself
Valdez, Alaska

POSITION STATEMENT: Testified in opposition to SB 114.

MARY NANUWAK, representing herself
Bethel, Alaska

POSITION STATEMENT: Testified during the discussion of SB 114.

FRED STURMAN, representing himself
Kenai, Alaska

POSITION STATEMENT: Testified in opposition to SB 114.

JAKE JACOBSEN, representing himself
Kodiak, Alaska

POSITION STATEMENT: Testified in opposition to SB 114.

CARLENE MCCHESENEY, representing herself
Kodiak, Alaska

POSITION STATEMENT: Testified on SB 114.

NICK SZABO, representing himself
Kodiak, Alaska
POSITION STATEMENT: Testified in support of SB 114.

KEVIN POMEROY, Member
Laborer's Local 942
Fairbanks, Alaska
POSITION STATEMENT: Testified in support of SB 114.

CHARLOTTE M. DAVIS, representing herself
Fairbanks, Alaska
POSITION STATEMENT: Testified in opposition to SB 114.

JEREMY HOLAN, Member
Teamsters Local 959
Fairbanks, Alaska
POSITION STATEMENT: Testified in support of SB 114.

BILL BJORK, representing himself
Fairbanks, Alaska
POSITION STATEMENT: Testified in support of SB 114.

JOMO STEWART, Energy Manager
Fairbanks Economic Development Corporation
Fairbanks, Alaska
POSITION STATEMENT: Testified on SB 114.

LOUIE NELSON, Member
Ironworkers
Fairbanks, Alaska
POSITION STATEMENT: Testified in support of SB 114.

MICHAEL MURPHY, representing himself
Fairbanks, Alaska
POSITION STATEMENT: Testified in support of SB 114.

MARY BOWER, representing herself
Anchorage, Alaska
POSITION STATEMENT: Testified in support of SB 114.

LINDA BYERS, representing herself
Chugiak, Alaska
POSITION STATEMENT: Testified in support of SB 114.

MAURICE BYERS, representing himself
Chugiak, Alaska

POSITION STATEMENT: Testified in support of SB 114.

MARGARET LOEW, representing herself
Palmer, Alaska

POSITION STATEMENT: Testified in opposition to SB 114.

ALBERT MINGEULOK, representing himself
Shishmaref, Alaska

POSITION STATEMENT: Testified in opposition to SB 114.

JAMES SQUYRES, representing himself
Deltana, Alaska

POSITION STATEMENT: Testified in opposition to SB 114.

PAMELA GOODE, representing herself
Deltana, Alaska

POSITION STATEMENT: Testified in opposition to SB 114.

TERRY VAN LEUVEN, representing himself
Juneau, Alaska

POSITION STATEMENT: Testified on SB 114.

BRIAN MERRITT, representing himself
Wrangell, Alaska

POSITION STATEMENT: Testified in support of SB 114.

MICHAEL MCCARTHY, representing himself
Homer, Alaska

POSITION STATEMENT: Testified in support of SB 114 with budget cuts.

RICHARD BENEVILLE, representing himself
Nome, Alaska

POSITION STATEMENT: Testified in support of SB 114.

DARYL NELSON, representing himself
Chugiak, Alaska

POSITION STATEMENT: Testified in support of SB 114.

ROSS MULLINS, representing himself
Cordova, Alaska

POSITION STATEMENT: Testified in support of SB 114.

KEN RAY, representing himself
Wasilla, Alaska

POSITION STATEMENT: Testified in opposition to SB 114.

DAVE GLENN, representing himself
Wasilla, Alaska
POSITION STATEMENT: Testified in opposition to SB 114.

DANIEL HAMM, representing himself
Palmer, Alaska
POSITION STATEMENT: Testified in opposition to SB 114.

CANDI MILLER, representing herself
Wasilla, Alaska
POSITION STATEMENT: Testified in opposition to SB 114.

WAYNE WOODS, representing himself
Palmer, Alaska
POSITION STATEMENT: Testified in opposition to SB 114.

EARL LACKEY, representing himself
Wasilla, Alaska
POSITION STATEMENT: Testified in opposition to SB 114.

BETH FREAD, representing herself
Palmer, Alaska
POSITION STATEMENT: Testified in opposition to SB 114.

GARVIN BUCARIA, representing himself
Wasilla, Alaska
POSITION STATEMENT: Testified in opposition to SB 114.

CURTISS CLIFTON, representing himself
Anchorage, Alaska
POSITION STATEMENT: Testified in support of SB 114.

JULIANA WAYMAN, representing herself
Anchorage, Alaska
POSITION STATEMENT: Testified in support of SB 114.

DAVE HANSON, representing himself
Anchorage, Alaska
POSITION STATEMENT: Testified in support of SB 114.

DAN BOYETTE, representing himself
Anchorage, Alaska
POSITION STATEMENT: Testified in support of SB 114.

MEGAN BALDINO, representing herself
Anchorage, Alaska
POSITION STATEMENT: Testified in support of SB 114.

CRAIG MOLLERSTUEN, representing himself
Anchorage, Alaska
POSITION STATEMENT: Testified in support of SB 114.

RICH WILSON, representing himself
Anchorage, Alaska
POSITION STATEMENT: Testified in support of SB 114.

SUSANNAH WILSON, representing herself
Anchorage, Alaska
POSITION STATEMENT: Testified in support of SB 114.

VALERIE BROOKS, representing herself
Ketchikan, Alaska
POSITION STATEMENT: Testified in support of SB 114.

DONALD WESTLUND, representing himself
Ketchikan, Alaska
POSITION STATEMENT: Testified in support of SB 114.

VINCE BELTRAMI, President
AK AFL-CIO
Anchorage, Alaska
POSITION STATEMENT: Testified in of SB 114.

TIM MORGAN, representing himself
Anchorage, Alaska
POSITION STATEMENT: Testified in support of SB 114.

VINCE BELTRAMI, President
Alaska AFL-CIO
Anchorage, Alaska
POSITION STATEMENT: Testified in support of SB 114.

DEREK MUSTO, Member
Teamsters
Anchorage, Alaska
POSITION STATEMENT: Testified in support of SB 114.

STEPHANIE KESLER, representing herself
Anchorage, Alaska
POSITION STATEMENT: Testified in support of SB 114.

SAM MAZZEO, representing himself
Anchorage, Alaska
POSITION STATEMENT: Testified on SB 114.

CLINTON HODGES, representing himself
Anchorage, Alaska
POSITION STATEMENT: Testified in opposition to SB 114.

KATE SLYKER, representing herself
Anchorage, Alaska
POSITION STATEMENT: Testified in support of SB 114.

WILLIAM CHAMBERS, representing himself
Anchorage, Alaska
POSITION STATEMENT: Testified in support of SB 114.

JOE WAHL, representing himself
Eagle River, Alaska
POSITION STATEMENT: Testified in support of SB 114.

JENNIFER NELSON, representing herself
Anchorage, Alaska
POSITION STATEMENT: Testified in support of SB 114.

BARBARA CASH, representing herself
Anchorage, Alaska
POSITION STATEMENT: Testified in support of SB 114.

INGRID KLINKHART, representing herself
Anchorage, Alaska
POSITION STATEMENT: Testified in support of SB 114.

GEORGE PIERCE, representing himself
Kasilof, Alaska
POSITION STATEMENT: Testified in opposition to SB 114.

GRANT JOHNSTON, representing himself
Anchorage, Alaska
POSITION STATEMENT: Testified in support of SB 114.

DAVID HYMAS, representing himself
Anchorage, Alaska
POSITION STATEMENT: Testified in support of SB 114.

TOM LAKOSH, representing himself
Anchorage, Alaska
POSITION STATEMENT: Testified in opposition to SB 114.

THEA AGNEW BEMBEN, representing herself
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 114.

RAY JOHNSON, representing himself
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 114.

TREE WILSON, representing himself
Anchorage, Alaska

POSITION STATEMENT: Testified in opposition to SB 114.

CHRIS CONSTANT, representing himself
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 114.

DAVID NEES, representing himself
Anchorage, Alaska

POSITION STATEMENT: Testified in opposition to SB 114.

ACTION NARRATIVE

[6:01:58 PM](#)

CHAIR BILL STOLTZE called the Senate State Affairs Standing Committee meeting to order at 6:01 p.m. Present at the call to order were Senators Wielechowski, Coghill, Huggins, McGuire, and Chair Stoltze.

SB 114-PERM FUND: EARNINGS, DEPOSITS, ACCOUNTS

CHAIR STOLTZE announced the consideration of SB 114 and opened public testimony.

[6:02:51 PM](#)

JESSIE BJORKMAN, representing himself, testified in support of SB 114. He told a story to make his point about Alaska's budget crisis. He cautioned to make the hard choices and restructure the Permanent Fund Earnings Reserve Account (ERA) to ensure the PFD into perpetuity.

[6:06:01 PM](#)

MICHAEL PETROVICH, Member, Teamsters Local 959, testified in support of SB 114. He said his research shows there are tough calls to make and SB 114 has a solution. He stated that, "We can't do nothing."

[6:08:02 PM](#)

THERESA WOODY, representing herself, testified in opposition to SB 114. She said she is against taking the PFD from Alaska residents. She suggested making cuts instead.

[6:10:13 PM](#)

PATRICK WOODY, representing himself, testified in opposition to SB 114. He did not want the PFD to be taken and he maintained that politicians and state workers have mismanaged state money. He spoke in favor of cuts.

[6:12:36 PM](#)

RHONDA VANZANDT, representing herself, testified in opposition to SB 114. She said she and her husband depend on the PFD for groceries, car insurance, and medicine. She stressed that the PFD keeps rural communities afloat. She believed that the state has misused funds.

[6:14:22 PM](#)

JEFFERY VANZANDT, representing himself, testified in opposition to SB 114. He said the PFD is one of the biggest booms to the Alaska economy and it keeps alive many small businesses in the Interior. He listed the things he buys with the PFD. He shared how important it is to the elderly.

[6:16:59 PM](#)

JAMES L. WILLIAMS, representing himself, testified in opposition to SB 114. He said the Permanent Fund was created for the people and he challenged the legislature to ask children if they want to give away their PFD's. He said to reduce the size of government instead.

[6:19:44 PM](#)

MARY NANUWAK, representing herself, testified on SB 114. She highlighted Representative Gruenberg's qualities. She spoke of her losses.

[6:22:50 PM](#)

FRED STURMAN, representing himself, testified in opposition to SB 114. He requested that the legislature cut the budget first and said he is not in favor of more taxes. He said he sent a letter that included 14 places to cut. He thought the proposed cut for state employees was too little.

[6:25:33 PM](#)

JAKE JACOBSEN, representing himself, testified in opposition to SB 114. He said he has seen this budget squeeze many times. He said an income tax would target non-residents more, but not

tourists. A sales tax would target tourists. He also suggested to revisit big industry taxes, particularly oil.

[6:26:55 PM](#)

CARLENE MCCHESENEY, representing herself, testified on SB 114. She said she depends on the PFD as a single person who lives alone. She suggested making cuts instead.

[6:28:22 PM](#)

NICK SZABO, representing himself, testified in support of SB 114. He said he is convinced it will take a combination of measures to solve the budget crisis: taxes, budget cuts, and Permanent Fund earnings. He maintained that budget cuts won't do it alone. He said to do something now. He said both SB 114 and SB 128 attempt to preserve a dividend in some fashion and one of those concepts should be used.

[6:30:22 PM](#)

KEVIN POMEROY, Member, Laborer's Local 942, testified in support of SB 114. He supported the concept of using a portion of the Permanent Fund earnings as a part of a comprehensive plan that also includes new revenue streams and spending cuts. He said to take action to prevent the loss of the PFD completely. Cuts are not enough.

[6:32:33 PM](#)

CHARLOTTE M. DAVIS, representing herself, testified in opposition to SB 114. She said Governor Hammond is one of her heroes. She did not support the reduction from 21 percent to 5 percent POMV or using any part of the fund. She suggested not to use the PFD to prime the pump. She wanted to see the income averaging gradually reduced from five years to one year. She suggested stopping studies for big projects and increasing the gas tax.

CHAIR STOLTZE noted that committee members read letters submitted by the public.

[6:36:04 PM](#)

JEREMY HOLAN, Member, Teamsters Local 959, testified in support of SB 114. He said to act now to solve the budget problem and use the concepts in SB 114 along with spending cuts and sources of new revenues. He urged the committee to act now and use this long-term solution.

[6:37:12 PM](#)

BILL BJORK, representing himself, testified in support of SB 114. He said he has tried to educate himself on solutions to Alaska's financial problems and concluded that Alaska needs a multifaceted approach. Cuts and new revenue can't get the job done and it's time to address the Permanent Fund. He said broad-based taxes must also be discussed along with cuts in spending.

[6:39:14 PM](#)

JOMO STEWART, Energy Manager, Fairbanks Economic Development Corporation, testified on SB 114. He read the corporation's resolution on long-term fiscal stability, which uses a multifaceted, broad approach to solving the fiscal crisis. The board does not take a position on bills, but agrees that a portion of the Permanent Fund should be considered.

[6:41:09 PM](#)

LOUIE NELSON, Member, Ironworkers, testified in support of SB 114. He said an approach that takes many parts into consideration is what is quickly needed.

[6:42:08 PM](#)

MICHAEL MURPHY, representing himself, testified in support of SB 114. He commended the governor and the legislature for trying to come up with a solution to the budget crisis. He opined that many pieces will be needed to solve the problem and people will have to come together to do so. Both cuts and new revenues must be a part of the solution.

[6:45:29 PM](#)

MARY BOWER, representing herself, testified in support of SB 114. She said she agrees with taking money out of the Permanent Fund to help with the state's finances. She spoke in favor of a state income tax.

[6:49:06 PM](#)

LINDA BYERS, representing herself, testified in support of SB 114. She said she supports using the fund and cutting spending.

[6:49:59 PM](#)

MAURICE BYERS, representing himself, testified in support of SB 114. He echoed the testimony of Ms. Byers and thought using fund money would lead to fiscal responsibility. He said he is not in favor of an income tax.

[6:52:00 PM](#)

MARGARET LOEW, representing herself, testified in opposition to SB 114. She said in real life there are economic ups and downs

and when it's down you stop spending. She agreed with a need for fiscal responsibility and living within one's means.

[6:54:46 PM](#)

ALBERT MINGEULOK, representing himself, testified in opposition to SB 114. He said that the PFD really helps village residents and is part of their livelihood. He spoke in honor of Representative Max Gruenberg.

[6:57:36 PM](#)

JAMES SQUYRES, representing himself, testified in opposition to SB 114. He suggested reducing the size of government and not using the Permanent Fund. He did not agree with Senator McGuire's model and concurs with Mr. Keithly's testimony.

[6:59:58 PM](#)

PAMELA GOODE, representing herself, testified in opposition to SB 114. She said the Permanent Fund bills remove spending power from the people in order to fund an oversized government. She suggested looking at the ISER Goldsmith model instead.

[7:01:25 PM](#)

TERRY VAN LEUVEN, representing himself, testified on SB 114. He shared his long history in Alaska. He said that the PFD helps him pay his bills and he depends on it every year. He said to protect and distribute the PFD into perpetuity. Alaskans should have the right to vote on what happens to their PFD.

[7:03:51 PM](#)

BRIAN MERRITT, representing himself, testified in support of SB 114. He stated that the PFD is going to have to be reduced as part of a plan to balance the budget. He said he only wants to receive it if the state has the extra cash to do so. He spoke of well-funded programs that make Alaska desirable. He said SB 114 is a good first step and more can be done in future years to provide a PFD only for low income and handicapped people. The PFD is a bonus, not a right.

[7:04:56 PM](#)

MICHAEL MCCARTHY, representing himself, testified in support of SB 114, with budget cuts. He spoke as a senior citizen who is willing to pay a state income tax, but only after the Anchorage LIO is vacated. He said he is in favor of using part of the Permanent Fund on a sunset basis, such as three years. He said to stop megaprojects and current spending. He cautioned legislators not to be afraid to risk re-election by making hard

decisions to save Alaska's future. He requested legislators pull together and work for the good of the state.

[7:07:00 PM](#)

RICHARD BENEVILLE, representing himself, testified in support of SB 114. He said he was the Mayor of Nome and a long-time Alaskan. He maintained that the PFD is not a right; it was designed to share the state's oil profits. He suggested it would have been better had the state diversified its economy. He stressed that the PFD is used by rural Alaskans as a vital part of their income for their subsistence lifestyle. He would like to see the Permanent Fund go both to the dividend and to help solve the fiscal problem. He emphasized that everyone need to do their share to solve the gap.

[7:08:40 PM](#)

DARYL NELSON, representing himself, testified in support of SB 114. He recalled that Governor Hammond predicted that the "rainy day" would come. He said he supports capping the PFD, but also having a statewide sales tax, one-fourth of which would go back to a municipal fund. He said he does not like an income tax.

[7:11:19 PM](#)

ROSS MULLINS, representing himself, testified in support of SB 114. He said he supports the sovereign wealth concept to keep the state afloat. He opined that SB 128 and SB 114 have been well-crafted. He urged the committee to consider Dr. Rietveld's contributions regarding the management of sovereign wealth funds around the world. He consider Alaska to be in a good position relative to its fiscal size.

[7:15:12 PM](#)

KEN RAY, representing himself, testified in opposition to SB 114. He did not think SB 114 is the answer and the bigger problem is in not forecasting future PFD amounts so the people in Alaska can see the need for more government cuts. The legislature should dictate cuts to agencies spread equally throughout, including cuts to entitlement programs.

[7:17:51 PM](#)

DAVE GLENN, representing himself, testified in opposition to SB 114. He suggested that the legislature cash out the permanent fund 50/50 between the people and the government. He did not want the government to gain control of the Permanent Fund.

[7:20:48 PM](#)

DANIEL HAMM, representing himself, testified in opposition to SB 114. He related that SB 114 is a regressive tax that would hurt the poorest citizens in Alaska most. The Alaska statehood compact restricts private individuals from owning mineral rights and the PFD allows Alaskans to share in mineral rights. Changing the PFD calculations could amount to an over 75 percent tax on each PFD. The legislation has a responsibility to represent non-government sectors who cannot lobby. He also argued that SB 114 is a permanent fix to a temporary problem, and government is too big and should be cut first.

[7:23:29 PM](#)

CANDI MILLER, representing herself, testified in opposition to SB 114. She believed that SB 114 is not necessary, even as a last resort. She requested that the legislature apply the "privatization solution" as Wisconsin has. She cited where the data from that legislation can be found and the results. She said cutting costs and increasing the revenue stream are also solutions. She suggested gathering information from "We the People" and experts.

[7:26:21 PM](#)

WAYNE WOODS, representing himself, testified in opposition to SB 114. He said the legislature should cut state government before raiding the Permanent Fund, which would especially hurt rural residents.

[7:27:48 PM](#)

EARL LACKEY, representing himself, testified in opposition to SB 114. He said he appreciates the work on SB 114 but is not convinced it is the answer. He suggested cutting the budget and using the earnings of the fund, but leaving the PFD alone. He also suggested adding a sales tax. He voiced appreciation for all the work done.

[7:30:01 PM](#)

BETH FREAD, representing herself, testified in opposition to SB 114. She suggested cutting the budget first before considering SB 114. She appreciated the work done on SB 114 but wanted to wait until next session to enact it.

GARVIN BUCARIA, representing himself, testified in opposition to SB 114. He said to reduce the bloated state government and to retain the current PFD because it supports small business and subsistence. He also said to eliminate big projects like the LNG project and the Anchorage LIO and defund the Alaska Development Authority and all industry benefitting state-funded programs.

[7:33:30 PM](#)

CURTISS CLIFTON, representing himself, testified in support of SB 114. He said he likes SB 114 and Gunnar Knapp's ISER proposal and is positive about Alaska's future. He recalled his experience in the oil crash and how that turned around. He urged the committee to act now and not to try to "cut" its way out of the crisis. He says he trusts the sponsors of the various bills to solve Alaska's budget crisis.

[7:36:27 PM](#)

JULIANA WAYMAN, representing herself, testified in support of SB 114. She requested the legislature take immediate action to close the budget gap with all of the steps suggested. She urged the legislature to put a portion of the Permanent Fund earnings to work for Alaska now.

[7:37:42 PM](#)

DAVE HANSON, representing himself, testified in support of SB 114. He emphasized that a plan such as SB 114 is needed now. He cautioned that Alaska is in danger of losing its 20-something's if there is no future. He opined that SB 114 is better than SB 128 because it ensures that the PFD will always be \$1,000. He suggested also phasing down the PFD to help minimize impact. He suggested simplifying both SB 114 and SB 128 by creating a Permanent Fund endowment of 5 percent a year into perpetuity. He concluded that the oil tax credit program needs to be revisited.

CHAIR STOLTZE noted that the oil tax credit is being scrutinized this year.

[7:40:30 PM](#)

DAN BOYETTE, representing himself, testified in support of SB 114. He expressed hope that Alaska can keep the environment it has had since he arrived 41 years ago. He supported action on several fronts, Permanent Fund reform, capping the PFD, addressing taxes and additional revenue, and making budget cuts. He urged action be taken quickly.

[7:43:06 PM](#)

MEGAN BALDINO, representing herself, testified in support of SB 114. She shared her history in Alaska and said everything she's worked for and has is in Alaska. She said many of her colleagues have moved out of state. She currently works on the Alaska Future campaign. She said she supports action now using cuts and new revenue, as well as using a portion of the Permanent Fund

earnings. She emphasized that it is not a raid on the Permanent Fund or the dividend.

[7:45:10 PM](#)

CRAIG MOLLERSTUEN, representing himself, testified in support of SB 114. He impressed upon the importance of looking now at the state's budget crisis to prevent people from leaving the state and businesses to stop investing in the state. He suggested looking at all the tools in SB 114, or in SB 128, to help support state government across the state.

[7:47:26 PM](#)

RICH WILSON, representing himself, testified in support of SB 114. He commended the committee for all its hard work. He spoke as a father who is concerned with his children's job potential in this state. He noted there will be business closures, reduction-in-forces, and a shrinking tax base, which may cause his daughter to search for work outside of Alaska, as her two brothers have already done. He said the future hinges on the tough decisions the legislature has to make and an active public.

[7:50:20 PM](#)

SUSANNAH WILSON, representing herself, testified in support of SB 114. She commented on the inability of young people to find jobs now in Alaska, which will worsen if the fiscal crisis continues. She said the legislature needs to make use of the Permanent Fund, taxes, and cuts. She concluded the state is in hard times and the time to act is now.

[7:51:36 PM](#)

VALERIE BROOKS, representing herself, testified in support of SB 114. She said as an educator and member of NEA-Alaska, she speaks in support of using the Permanent Fund earnings. She said schools have already been adversely affected by stagnant funding at the state and borough levels. Other state services will also be adversely affected. She suggested reviewing all state department budgets, using the PF earnings, and making targeted cuts to balance the budget.

[7:53:30 PM](#)

DONALD WESTLUND, representing himself, testified in support of SB 114. He didn't think SB 114 goes far enough and suggested using all of the Permanent Fund earnings and include a sunset as soon as the deficit is corrected. He said to not cap the dividends after that. He spoke against an income tax and in

favor of a sales tax, as well as cutting government. He stated the LIO office in Anchorage should not be funded.

[7:55:07 PM](#)

VINCE BELTRAMI, President, Alaska AFL-CIO testified in support of SB 114.

TIM MORGAN, representing himself, testified in support of SB 114.

VINCE BELTRAMI, President, AK AFL-CIO, testified in support of SB 114. He stated that he supports any of the bills that address using a portion of the Permanent Fund earnings, responsible cuts, and new revenues. He maintained that using the PF earnings is the only way to eliminate about \$2 billion of the deficit, while also preserving the dividend program. He stressed that those who oppose using PF earnings have a misunderstanding of what the bills will do. He said it is critical to pass SB 114 or a similar bill.

[7:58:42 PM](#)

DEREK MUSTO, Member, Teamsters, testified in support of SB 114. He said he and his co-workers are concerned about loss of jobs in Alaska, how the state's status will affect the economy, and the housing market. He said the bill ensures a PFD, cuts the growing budget deficit in half, and ends the state's reliance on oil and gas revenue to support state government. He said more work needs to be done to address Alaska's collective needs. He encouraged the legislature to work together across party lines.

[8:00:34 PM](#)

STEPHANIE KESLER, representing herself, testified in support of SB 114. She said the state needs to act now. Alaska cannot tax itself out of this fiscal situation. She thought the bill would provide the multiple tools that can begin to address the crisis. She quoted Wilson Condon, who in 2002 said, "All persons have corresponding obligations to the people and to the state. Alaska's financial future is changing, though some may choose to avoid reality, we are quickly approaching the day when Alaskans will have to help pay for the society we enjoy and Permanent Fund earnings will be a part of that payment."

[8:03:17 PM](#)

SAM MAZZEO, representing himself, testified on SB 114. He urged passage of legislation this session which allocates approximately \$2.5 billion of the Permanent Fund earnings to become the predominant source of funding for state government,

to cap the number at \$2.5 billion, to reduce the general fund budget to \$4 billion, and to add no new taxes. He described the growth rate of the general fund over the years.

[8:05:52 PM](#)

CLINTON HODGES, representing himself, testified in opposition to SB 114. He said the bill goes too far, too soon. He agreed with Clem Tillion's plan. He concurred with ISER's conclusion that cutting the Permanent Fund has a greater effect on the private sector economy than cutting government spending and implementing an income tax. He did not believe in overfunding state government. He said he has made recommendations to the Governor, but has not heard back. He said elected officials "don't get it," but citizens do.

[8:08:53 PM](#)

KATE SLYKER, representing herself, testified in support of SB 114. She spoke as a non-partisan super voter who is a fourth generation Alaskan. She agreed with using a portion of earnings from the Permanent Fund. She encouraged the legislature to make the change now.

WILLIAM CHAMBERS, representing himself, testified in support of SB 114. He opined that the bill is necessary for a robust economy now. He noted a paragraph regarding four elements of solving the budget deficit by Gunnar Knapp. The four elements are to cut spending, impose taxes, reduce the PFD, and pare back the earnings from the Permanent Fund for the future. He said he supports Governor Walker's proposal to re-instate the individual income tax and increase taxes on mining, fishing, tobacco, alcohol, and gas.

[8:13:01 PM](#)

JOE WAHL, representing himself, testified in support of SB 114. He shared his experience going through a fiscal crisis and said the legislature has the ability to prevent another crisis now. He said using a portion of the earnings from the Permanent Fund is part of a comprehensive solution to stabilizing the fiscal future and continuing to provide essential services, while allowing for a sustainable dividend for all Alaskans now and in the future.

[8:14:45 PM](#)

JENNIFER NELSON, representing herself, testified in support of SB 114. She stressed the need to use the Permanent Fund earnings to solve the budget crisis and preserve the PFD.

CHAIR STOLTZE noted that many Alaskans are sending in written testimony.

[8:16:30 PM](#)

BARBARA CASH, representing herself, testified in support of SB 114. She spoke of being invested in Alaska. She feared the financial instability of small businesses. She supports spending cuts and new revenue sources, but the Permanent Fund is the corner stone.

[8:18:15 PM](#)

INGRID KLINKHART, representing herself, testified in support of SB 114. She stressed the importance of making budget cuts and finding new revenue sources, along with using the Permanent Fund this year. She concluded that the bill will protect the PFD, which many Alaskans rely upon, including non-profit organizations.

[8:21:10 PM](#)

GEORGE PIERCE, representing himself, testified in opposition to SB 114. He suggested other methods to cut the budget rather than taking the PFD. He said he does not approve of SB 303, either. He talked about overhauling government. He said to listen to the will of the people.

[8:23:42 PM](#)

GRANT JOHNSTON, representing himself, testified in support of SB 114. He said the status quo poses the greatest threat to the PFD. He said he supports cuts and new revenue, but they alone won't solve the problem. He supports taking a portion of the Permanent Fund.

[8:25:40 PM](#)

DAVID HYMAS, representing himself, testified in support of SB 114. He urged the legislature to take action this session and to use a portion of the Permanent Fund earnings. He concluded that doing nothing is dangerous and irresponsible.

[8:28:43 PM](#)

TOM LAKOSH, representing himself, testified in opposition to SB 114. He said using the Permanent Fund would be a regressive tax, but taxes like income tax, sales tax, and corporate tax would lessen the burden upon Alaskans. He questioned who the legislators are representing. He did not want his dividend cut.

[8:31:43 PM](#)

THEA AGNEW BEMBEN, representing herself, testified in support of SB 114. She said businesses need a sustainable and stable economy. She maintained that government keeps the engine of the state running. She encouraged the legislature to use part of the Permanent Fund to support state government this session. She said she is also in favor of the Governor's total proposal.

[8:34:35 PM](#)

RAY JOHNSON, representing himself, testified in support of SB 114. He supports any bills that use a portion of the Permanent Fund, in combination with taxes, and budget cuts. He encouraged action now.

[8:36:10 PM](#)

TREE WILSON, representing himself, testified in opposition to SB 114. He suggested taxing the oil companies, expanding gaming laws to allow casinos, and making smarter investments, and not taxing people.

[8:38:09 PM](#)

CHRIS CONSTANT, representing himself, testified in support of SB 114. He said it is important to support using revenues of the Permanent Fund as a means of solving a measure of the budget crisis. He told a story about drug addiction and the vital services provided by the budget. He stressed the importance of funding government, including treatment programs.

[8:41:01 PM](#)

DAVID NEES, representing himself, testified in opposition to SB 114. He discussed the importance of the PFD in the Anchorage area. He referred to the ISER study and said reducing the PFD would increase those on poverty, increasing the price of government. He supported a draw down on the CBR and cutting spending instead.

CHAIR STOLTZE noted the presence of Senator Costello and the Department of Law.

[8:44:05 PM](#)

SENATOR MCGUIRE thanked the public for their testimony and written testimony. She noted she will clarify several issues at a further date.

CHAIR STOLTZE said he appreciates the public's input. He held SB 114 in committee.

[8:45:32 PM](#)

There being no further business to come before the committee, Chair Stoltze adjourned the Senate State Affairs Standing Committee at 8:45 p.m.