

HOUSE FINANCE COMMITTEE
March 29, 2017
1:10 p.m.

1:10:20 PM

CALL TO ORDER

Co-Chair Foster called the House Finance Committee meeting to order at 1:10 p.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair
Representative Paul Seaton, Co-Chair
Representative Les Gara, Vice-Chair
Representative Jason Grenn
Representative David Guttenberg
Representative Scott Kawasaki
Representative Dan Ortiz
Representative Lance Pruitt
Representative Steve Thompson
Representative Cathy Tilton
Representative Tammie Wilson

MEMBERS ABSENT

None

ALSO, PRESENT

Christine Niemi, Self, Juneau; Ron Pagenkopf, Self, Juneau; Ron Somerville, Self, Juneau; Alexander Hoke, Self, Juneau; Kate Blair, Tesoro, Juneau; Judy Andree, League of Women Voters, Juneau; Bob Sylvester, Self, Juneau; Sally Donaldson, Self, Juneau; Roy Fulwiler, Self, Juneau; Aimee Kniazowski, City of Kodiak, Kodiak; Rich Walker, City of Kodiak, Juneau; Kathie Wasserman, Alaska Municipal League, Anchorage; John Sonin, Civilized Humanity, Juneau.

PRESENT VIA TELECONFERENCE

Justin Vanzant, Self, Anchorage; Douglass Blattmachr, Self, Anchorage; Bob Pawlowski, Self, Anchorage; Janet McCabe, Self, Anchorage; Orin Seybert, Self, Anchorage; Mike Coons, Self, Palmer; Dave Hanson, Self, Anchorage; Peter

Caltagirone, Self, Anchorage; Zacharrah Yates, Self, Fairbanks; Libby Dalton, Self, Fairbanks; Cris Eichenlaub, Self, Eagle River; Debbie Joslin, Self, Delta Junction; Ruth Bueneman, Self, Fairbanks; Shelby Standley, Self, Anchorage; Claire Steffens, Self, Anchorage; Patrick Balton, Self, Delta Junction; Wayne Todd, Self, Anchorage; Mary Geddes, Self, Anchorage; Bob Batrra, Self, Anchorage; John Blaine, Self, Anchorage; Helen Nienhueser, Self, Anchorage; Cheryl Keepers, Self, Fairbanks; Lynette Clark, Self, Fairbanks; David Scott, Self, Auke Bay; Erika Wolter, Self, Anchorage; Robin Smith, Self, Anchorage; Janie Taylor, Self, Anchorage; Donald Crandall, Self, Anchorage; Ronald Yarnell, Self, Fairbanks; Dan Donkel, Donkel Oil and Gas LLC, Orlando, FL; Lynn McCabe, Self, Big Lake; Karen Perry, Self, Chugiak; Brandy Dixon, Self, Anchorage; Kathryn Andrews, Self, Anchor Point; Pamela Samash, Self, Nenana; Paul D. Kendall, Self, Anchorage; Deanna James, Self, Anchorage; Sara Aldwell, Self, Douglas; Mark Carr, Self, Anchorage; Mark Richards, Self, Fairbanks; Elizabeth Newell, Self, Anchorage; Martha Artz, Self, Wasilla; Amy Hosea, Self, Delta Junction; Jeremy Price, Americans For Prosperity, Anchorage; Paul Verhagen, Self, Nenana; Janet Coffin, Self, Juneau; Byron Charles, Self, Ketchikan; Conrad Muller, Self, Juneau; Pat Fox, Self, Fairbanks; Roselynn Cacy, Self, Anchorage; Laura Bomner, Self, Anchorage; Peter Mjos, Self, Anchorage; Julian Mason, Self, Anchorage; Donald Frederick, Self, Anchorage; Wolfgang Falke, Self, Fairbanks; Kristi Sherman, Self, Fairbanks; Molly Sherman, Self, Fairbanks; B.A. Sherman, Self, Fairbanks; Patrice Lee, Self, Fairbanks; Amie Verhagen, Self, Nenana; Terry Reed, Self, Homer; Michael Bucy, Self, Juneau; Michael Hanzuk, Self, Anchorage; Mike Swain, Self, Anchorage; Evelyn Verhagen, Self, Nenana.

SUMMARY

HB 115 INCOME TAX; PFD CREDIT; PERM FUND INCOME

HB 115 was HEARD and HELD in committee for further consideration.

Co-Chair Foster addressed the meeting agenda.

#hb115

HOUSE BILL NO. 115

"An Act relating to the permanent fund dividend; relating to the appropriation of certain amounts of the earnings reserve account; relating to the taxation of income of individuals; relating to a payment against the individual income tax from the permanent fund dividend disbursement; repealing tax credits applied against the tax on individuals under the Alaska Net Income Tax Act; and providing for an effective date."

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^PUBLIC TESTIMONY: ANCHORAGE, FAIRBANKS, JUNEAU, OFFNETS

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CHRISTINE NIEMI, SELF, JUNEAU, spoke in support of the bill and the income tax included in the bill on behalf of herself and her husband. She recalled when an income tax had existed in the 1980s. She appreciated the services provided to Alaskans and believed they needed to continue. She wanted her income tax and Permanent Fund Dividend (PFD) to go towards services and not oil companies.

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RON PAGENKOPF, SELF, JUNEAU, spoke against the legislation. He recalled when the state budget exceeded \$100 million and former Governor Bill Egan had been upset about that. He shared that he and his wife had moved to the state over 50 years earlier. He spoke to his background in economics and finance. He was concerned that the state was overreacting to its financial situation. He explained that once an income tax was implemented it would be almost impossible to remove the tax even when revenue came in elsewhere. He spoke to potential new oil coming online in the future. He did not endorse a state income tax. He continued that the state had \$58.5 billion in Permanent Fund assets, much of which was untouchable by constitution. He continued to speak about the Permanent Fund amount. He spoke to financial institutions return on investment. With a 5 percent rate of return the principal would remain constant. Historically the fund had done well at an 8.22 percent return. He spoke to use of the principal and money it would generate.

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AT EASE

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RECONVENED

Mr. Pagenkopf believed the citizens of Alaska should have longer than 2 minutes to speak.

Co-Chair Foster shared that the committee wanted to be able to give everyone time to testify. He offered the email address as another option.

RON SOMERVILLE, SELF, JUNEAU, spoke against the bill. He shared that he worked with numerous seniors in the community and he was concerned that costs would be pushed to them. He stressed that the state could not afford its current level of government. He thought it was unbelievable what was expected for every individual to pitch in. He discussed the elimination of some senior tax exemptions. He underscored that some seniors would be forced to leave the state due to high costs. He urged the committee to consider that individuals on fixed income only had a limited amount of discretionary income. He discussed it was cheaper to get goods from out of state than from businesses in the community. He asked the legislature to put a sunset date on the income tax if it was implemented. He understood the legislature had a difficult job.

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JUSTIN VANZANT, SELF, ANCHORAGE (via teleconference), testified in support of an income tax at a maximum of 2 percent and the use of the Permanent Fund to support the state. He spoke on behalf of himself and his family. He requested a cap on the time on the implementation of the bill in order for it to be reconsidered and voted on again in the future. He shared that he was the sole income provider for his family that included his wife and four daughters. He communicated that he had worked in the oil and gas industry. He shared that he had to purchase part of his household goods on Amazon due to the high cost of goods in Alaska. He reiterated his support for an income tax capped at 2 percent and a time cap.

Co-Chair Seaton shared that a family of six would not pay any income tax up to \$50,000. He wondered whether Mr. Vanzant was aware of that provision.

Mr. Vanzant replied that he understood and would still accept a 2 percent income tax on his family.

Co-Chair Foster announced that the proposed income tax in Alaska would be the fourth lowest in the country.

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DOUGLASS BLATTMACHR, SELF, ANCHORAGE (via teleconference), felt that there were some drafting errors in the taxing of the non-resident trust. He remarked that the definition of resident trust included all trusts. He noted that Section 43.22.150 stated that a "trust consisting of property that is or will be disposed or administered in the state", which he felt were all trusts which had assets. He remarked that taxation of non-resident trust would eliminate the trust industry in Alaska. He felt that all the non-resident trusts would go to other states that did not have an income tax. He stated that there were 18 states who had adopted similar legislation as Alaska, but Alaska, Delaware, Nevada, were considered the best states for trusts. He stressed that the state would lose the 14 jobs in the state, and many attorneys, insurance agents, stock brokers, and CPAs.

Co-Chair Seaton asked if there were 14 jobs with trusts in Alaska, or only with the company.

Mr. Blattmachr answered there were 14 positions in his business. He did not know about other institutions.

Co-Chair Seaton spoke to the investments held. He asked if they were Alaskan investments.

Mr. Blattmachr replied that most were not Alaskan investments.

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BOB PAWLOWSKI, SELF, ANCHORAGE (via teleconference), thanked the bill sponsors for restructuring the Permanent Fund, but he had a concern about the income tax component of the bill. He spoke about senior exemptions. He asked the committee to consider seniors who were beyond their earning potential. He addressed what an income tax could do to

military retirees. He felt an income tax would cause individuals to leave the state.

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JANET MCCABE, SELF, ANCHORAGE (via teleconference), testified in favor of the bill, which she and her husband believed was a balanced, fair, and effective approach towards filling the budget gap. She spoke to the importance of a stable structure. She believed the income tax was correct in the bill. Additionally, the Permanent Fund portion was right.

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ORIN SEYBERT, SELF, ANCHORAGE (via teleconference), supported the legislation. He stated that no one was talking about touching the corpus of the Permanent Fund. He believed the state could rely on living on the earnings reserve portion. He shared he would adamantly oppose use of the principal.

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Co-Chair Foster shared that individuals could listen in at various locations.

MIKE COONS, SELF, PALMER (via teleconference), testified against the legislation. He stated that the income tax would hit him at about \$1,000. He shared that seniors and working lower income individuals would be the hardest hit. The ones hurt the most would be hit the hardest. He discussed that former President Obama, Bernie Sanders and others were all for redistribution of wealth. He was against the bill.

[1:48:10 PM](#)

DAVE HANSON, SELF, ANCHORAGE (via teleconference), strongly supported the bill. He identified himself as a fiscal conservative. He believed it was time for everyone to pay their fair share. He recalled that the state had an income tax in the past that had been as high as 16 percent. He believed it was needed again. He believed a \$1,000 cap on the dividend made more sense than getting \$1,200. He shared that no one had complained when the dividend had been under \$1,000. He discussed that 43 states already had income

taxes; six of the states without income taxes had high sales taxes. He reiterated his support of the bill.

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PETER CALTAGIRONE, SELF, ANCHORAGE (via teleconference), shared that he had moved to Alaska one year earlier. He had lived in a location that had a high sales tax and an income tax. He believed it seemed to be a no-brainer to use Permanent Fund earnings and then implement an income tax. He stated that a portion of a dividend would be eaten up by the income tax, which he found confusing. He spoke to bill language related to capital gains that he found unclear.

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ZACHARRAH YATES, SELF, FAIRBANKS (via teleconference), spoke in strong opposition to the bill. He remarked that it was not a matter of state programs were needed, it was more of a matter of what the state could afford. He remarked that the country had recently voted Donald Trump into office because of a desire for smaller government. He discussed ways his family had cut back on spending in recent years in order to afford heating oil and taxes. He shared he had paid \$16,000 on land tax the past year, which was an extraordinary amount. He believed the Democrats had not made a single cut in the budget. He spoke in support of more cuts.

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LIBBY DALTON, SELF, FAIRBANKS (via teleconference), strongly opposed a state income tax. She shared that state operating costs had grown an average of 8 percent annually over the past decade. She believed the answer to the problem was simple - the state had a spending problem. She stressed that the legislature was already capping the PFD, which would hurt the economy and limit spending. She believed state government was bloated. She suggested using // savings to help bridge the budget gap. She wanted to a cap to prevent runaway spending. She asked the committee to protect the PFD and the earnings reserve account. She asked the committee to improve the budget process by establishing a committee from both sides of the aisle to work with the governor on a budget over the interim. She stressed that she paid property and federal income taxes. She wanted the

legislature to come up with a better solution to the budget gap.

Vice-Chair Gara appreciated the testimony. He shared that the bill would impose no income tax on a couple making \$30,000 annually.

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ALEXANDER HOKE, SELF, JUNEAU, discussed that the dividend program had been created in 1980. He was concerned that many people seemed prepared to bargain away their dividend; however, it meant they were bargaining away the dividend for future generations as well. He believed the problem resided in a budget that had been developed during high oil prices. He was concerned that the ratio of sharing between the people and the government was a one-third/two-third arrangement. He hoped the ratio could be reversed in future years where two-thirds of the revenue would go to the people. He believed the Percent of Market Value (POMV) draw was too aggressive. He spoke to erring on the side of caution and protecting the Permanent Fund. He was also concerned that the state would be obliged to withhold a portion of a person's dividend - he believed there was a time conflict.

Co-Chair Seaton clarified that if person wanted to apply the dividend to their payment it was optional. He compared the option to Pick, Click, Give.

Mr. Hoke understood the issue.

[2:04:46 PM](#)

KATE BLAIR, TESORO, JUNEAU, shared information about the company. She pointed to a flaw in the bill related to withholding in non-investment partners. She provided detail about how the provision could impact the company. She spoke to the unduly burdensome provision. She shared that most of the units were held by brokers; the PTP had no way of determining who the unit holders were. Withholding was calculated on an interim basis; there was no way to know how to determine the amount. She supported an exemption for PTPs as was done in Idaho and Illinois.

Representative Wilson asked if it was handled in other states.

Ms. Blair shared that the exemption was straight forward in Illinois and applied to every partnership other than a PTP. She stressed that Idaho was different - withholdings were exempted. She stated that if a unit withheld more than \$500 it was reported back to the state.

Co-Chair Seaton asked Ms. Blair to provide her written comments.

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JUDY ANDREE, LEAGUE OF WOMEN VOTERS, JUNEAU, spoke in strong support of the legislation. The league supported the progressive income tax that did not have an undue burden on low income families. The league did not support further cuts at the time due to the \$3 billion in cuts that had already been made. The league did not support further cuts to education. She and her husband also personally supported the bill.

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CRIS EICHENLAUB, SELF, EAGLE RIVER (via teleconference), spoke against the legislation. He believed the bill raided the Permanent Fund. He recalled that in 2000 the legislature had tried to buy residents out by offering a \$25k payout. He asked about the fuel savings. He thought there was plenty of time for people to weigh in on the use of the PF. He opposed HB 115. He thanked the committee.

[2:14:25 PM](#)

DEBBIE JOSLIN, SELF, DELTA JUNCTION (via teleconference), opposed HB 115. She had been a resident of Alaska for 28 years. She was a real estate broker and had seen several people leave. She did not feel enough reductions had been made. She did not think it was necessary to initiate a complicated income tax. She opined that folks would not be able to stay in the state.

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RUTH BUENEMAN, SELF, FAIRBANKS (via teleconference), opposed HB 115. She had been in Alaska since 1975. She queried amount of the PFD for 2017.

Co-Chair Foster relayed that the amount had been determined and would not until the fall sometime.

Ms. Bueneman continued to provide her testimony. She understood there were a couple of ways to balance the budget. She was most concerned with people that would be affected the most. She did not believe using the Permanent Fund to run government had not been the intent.

Co-Chair Foster relayed that if the bill passed the PFD would be \$1,250 in the current year.

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SHELBY STANDLEY, SELF, ANCHORAGE (via teleconference), spoke against the bill. He believed there were many other solutions to fill the spending gap. He spoke to the large budget of the Anchorage School District. He suggested a 1 percent property tax increase in Anchorage and still be less than other locations. He explained a similar tax had funded much of the education system in Houston, Texas where he had previously lived. One of the reasons he had moved to Alaska was due to the lack of a sales and income tax. He did not have a strong opinion about the PFD because he did not think it was a large long-term economic stimulus.

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CLAIRE STEFFENS, SELF, ANCHORAGE (via teleconference), she was disappointed in the operating budget process where cuts had not been made. She believed the bill taxed merely to raise money. She stated that heaping money on Alaska's schools had not been successful. She believed the education's success was pitiful. She believed the value of the Permanent Fund would be eroded if the funds were used. She was opposed to the electronic filing component. She believed there had been numerous ways to cut the budget, but the Democrats had not wanted to do so. She spoke to cost savings. She asked the committee to vote no on the bill. She believed the legislature did not listen to the public.

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PATRICK BALTON, SELF, DELTA JUNCTION (via teleconference), spoke against the legislation. He shared that he ran a small business in Alaska. He was opposed to income taxes,

which he believed penalized productivity. He spoke to cuts to government that did not have a multiplier effect. He stated that Alaska ranked the highest in government spending. He believed government was too large. He was opposed to the income tax. He believed there should be a cap on government spending.

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WAYNE TODD, SELF, ANCHORAGE (via teleconference), testified in strong support of the legislation or any bill that resulted in restructuring the Permanent Fund and implementing a state income tax. He stressed the more that was cut the deeper and longer the recession would be. He stated that PFD restructuring would allow all Alaskans to pitch in. He spoke against further cuts. He believed the bill should be passed immediately.

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MARY GEDDES, SELF, ANCHORAGE (via teleconference), testified in favor of the bill. She supported a cap on the PFD, but believed it should be lower. She supported changing the time of the PFD program residency requirements. She was in favor of the reinstatement of a state income tax. She believed an income tax was necessary to maintain essential services such as roads, schools, and other. She spoke to a budget that had been approved by the House that would cut over \$300 million more. She stressed the cuts were substantial. She believed further cuts would harm public safety.

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BOB BATRRA, SELF, ANCHORAGE (via teleconference), spoke in strong support of an income tax. He believed it would provide a stable income stream. He thought that people actively invested in government would be more likely to participate. He supported flexibility if conditions changed in the future. He believed it was a good deal for Alaskans where 25 percent would be paid by non-residents.

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JOHN BLAINE, SELF, ANCHORAGE (via teleconference), testified in support of the bill. He shared that he and his family had been fortunate to use the dividend to help pay

for college for their sons. He relayed that for many individuals the dividend helped pay rent, for food, and other important items. He shared that cuts had been made to the dividend the previous year, which he believed was wrong. He believed a graduated income tax would mean Alaskans would have skin in the game. He spoke to legislators who were financially dependent on the oil industry for work. He believed it was a conflict of interest that should be changed. He spoke to an improved educational system and society in Alaska.

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HELEN NIENHUESER, SELF, ANCHORAGE (via teleconference), testified in support of the bill. She supported the income tax because they had three granddaughters who loved it in Alaska. She stressed the girls wanted to live in Alaska, but could only do so if jobs were available. She tried to understand why Alaskans would not support an income tax. She provided her thoughts on the matter. She did not support much deeper cuts.

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BOB SYLVESTER, SELF, JUNEAU, supported the bill in general; however, he hoped the dividend amount could be maintained as high as possible. He recognized that many people used it as disposable income; however, others relied on it. He believed a tax would mean people would have skin in the game.

[2:46:31 PM](#)

SALLY DONALDSON, SELF, JUNEAU, testified in support of the legislation. She recognized the committee's hard work. She did not support further cuts to the budget. She noted that the budget had been severely cut since 2013. She hoped education was not cut further. She believed the income tax in the legislation was very reasonable.

[2:48:06 PM](#)

ROY FULWILER, SELF, JUNEAU, testified in support of the bill. He supported the senior tax exemption. He shared that he lived next to his daughter and granddaughter. He gave a personal story about walking with his granddaughter to school. He did not believe the income tax in the bill would

harm him. He spoke to his limited life savings that would not be impacted.

[2:50:38 PM](#)

AIMEE KNIAZIOWSKI, CITY OF KODIAK, KODIAK, testified in support of the bill and a sustainable comprehensive budget solution. She was fully in support of an income tax and capping the PFD to fund state services. She thanked the committee for its time.

Vice-Chair Gara asked if Ms. Kniazowski was testifying on behalf of the City of Kodiak.

Ms. Kniazowski replied she was testifying on behalf of the City of Kodiak and herself.

Vice-Chair Gara asked if the City of Kodiak had taken a position on the bill.

Ms. Kniazowski answered that she believed the City of Kodiak supported a sustainable budget plan.

[2:52:49 PM](#)

CHERYL KEEPERS, SELF, FAIRBANKS (via teleconference), testified in favor of the legislation. She believed the budget had been sufficiently cut. She did not want the economy to go into further recession. She spoke to impacts on the university. She believed it was important to take advantage of Permanent Fund earnings. She was unsure about the impact on federal taxes.

[2:55:11 PM](#)

LYNETTE CLARK, SELF, FAIRBANKS (via teleconference), did not support the bill. She believed it was the governor's bill and thought it the administration represented a trail of lies. She was opposed to the entire bill. She did not believe an income tax was the answer to the state's budget problems. She believed further cuts were necessary. She believed the legislature needed to address shipping costs legislators could have paid for by the state - she referred to a recent case that she called "shipping gate." She thought more cuts could be made.

[2:58:55 PM](#)

DAVID SCOTT, SELF, AUKE BAY (via teleconference), spoke in favor of HB 115. He was a 68-year resident of Alaska. He appreciated all of the work the legislature had done.

[3:00:24 PM](#)

ERIKA WOLTER, SELF, ANCHORAGE (via teleconference), supported HB 115. She thought she was a fiscal conservative. However, she believed the state had cut enough. She preferred a sales tax as opposed to an income tax. She also spoke to additional sideboards for qualifying to receive a PFD.

[3:02:10 PM](#)

ROBIN SMITH, SELF, ANCHORAGE (via teleconference), supported HB 115. She spoke in favor of an individual income tax. She was a business owner and was starting to experience the effects of the recession. She favored funding education which is why she was amenable to an income tax. She advocated a fiscal plan. She thanked the committee.

[3:04:45 PM](#)

JANIE TAYLOR, SELF, ANCHORAGE (via teleconference), spoke in favor of HB 115.

[3:06:19 PM](#)

DONALD CRANDALL, SELF, ANCHORAGE (via teleconference), supported HB 115. He had some concerns with the 4.75 percent draw. He wanted to ensure that PF was properly inflation-proofed. He spoke in support of an income tax. He thought several budget cuts had already been made. He opposed additional cuts to education which was a responsibility that legislators should take seriously. He thanked the committee for its time.

Co-Chair Foster shared that the public could submit their testimony in writing.

[3:09:38 PM](#)

RICH WALKER, CITY OF KODIAK, JUNEAU, spoke in support of HB 115. He reported that the City of Kodiak had supported a

fiscal plan. He suggested an income tax that followed the federal income tax. He also thought the legislature's attempt to continue issuing a PFD. He noted the large size of Alaska and the hardships associated with living in rural Alaska. He thought taking action was important. He invited members to come to Kodiak for a visit some time.

[3:12:19 PM](#)

RONALD YARNELL, SELF, FAIRBANKS (via teleconference), spoke in support of HB 115. He thanked the committee for its time.

[3:13:07 PM](#)

DAN DONKEL, DONKEL OIL AND GAS LLC, ORLANDO, FL (via teleconference), spoke about the oil industry. He thanked members for trying to lead the state into a better financial situation. He suggested members take a look at the oil and gas agency. He really believed that Alaska was driving out investment. He talked about working on getting some lease extensions. He urged members to encourage production. [He did not report on HB 115].

Co-Chair Foster clarified that in the meeting was the public testimony for HB 115, and felt that Mr. Donkel's testimony was in reference to HB 111.

Mr. Donkel elaborated that additional production would make it possible to not tax the system. He felt that the system blocked the additional production. He praised Vice-Chair Gara for his commitment.

[3:17:56 PM](#)

LYNN MCCABE, SELF, BIG LAKE (via teleconference), opposed HB 115. She thought additional spending reductions were needed. She urged members to encourage development. She did not believe actual cuts had occurred. She referred to the governor's pipe dream. She asserted that education funding was bloated. She suggested that if the members could not make specific cuts, they could apply a percentage reduction.

[3:22:29 PM](#)

KAREN PERRY, SELF, CHUGIAK (via teleconference), spoke against HB 115. She thought the people of Alaska was better at spending the state's money than the legislature. She accused the legislature of stealing from the people of Alaska. She asserted that government needed to stop spending. She encouraged the growth of the economy. She continued to accuse the government stealing the people's money. She quoted an Alaskan She strongly opposed HB 115.

[3:26:32 PM](#)

BRANDY DIXON, SELF, ANCHORAGE (via teleconference), opposed HB 115. She was a business owner, and felt that she would need to pass extra costs to her customers.

[3:27:43 PM](#)

KATHRYN ANDREWS, SELF, ANCHOR POINT (via teleconference), opposed HB 115. She felt that adding an income tax would do damage to the economy. She suggested getting rid of the nonessentials. She did not believe enough cuts had been made and that that should be addressed before taxing the people. She thanked the committee for its time.

[3:31:18 PM](#)

PAMELA SAMASH, SELF, NENANA (via teleconference), spoke in opposition of HB 115. She did not feel the House had worked hard enough on compromise. She believed taxes should be the last resort.

[3:33:04 PM](#)

PAUL D. KENDALL, SELF, ANCHORAGE (via teleconference), spoke in opposition of HB 115. He expressed various concerns. He referenced an article from an Oklahoma newspaper regarding a home invasion. He mentioned an intellectual steal. He continued to provide various opinions. He encouraged the legislature moving to Anchorage. People needed to gather together to decide the direction of the state. He continued to mention various items not related to the bill.

[3:38:13 PM](#)

DEANNA JAMES, SELF, ANCHORAGE (via teleconference), spoke in favor of a flat tax but discouraged touching the PFD. She thanked the committee for considering a flat tax.

[3:39:59 PM](#)

SARA ALDWELL, SELF, DOUGLAS (via teleconference), supported HB 115. She spoke of some of her family members attending the university. She also spoke of the increased burden on state workers as result of various cuts. She encouraged an income tax. She was very willing to pay an income tax. She did not want the state beholden to the oil companies and if an income tax helped with that she would support of it.

[3:43:01 PM](#)

MARK CARR, SELF, ANCHORAGE (via teleconference), supported HB 115. He was a small business owner. He thought an income tax was fair and progressive. He liked the idea that out of state workers would be paying a tax. He noted that times had changed, and that people needed to start contributing. He appreciated members' efforts.

[3:44:48 PM](#)

MARK RICHARDS, SELF, FAIRBANKS (via teleconference), opposed the legislation. He wanted more individual freedom and less government involvement. He was a government employee. He reported a gentleman on the radio who had lots of great ideas, Bob Gillam. He encouraged members to take a look at Mr. Gillam's idea. He thanked the committee.

[3:47:10 PM](#)

ELIZABETH NEWELL, SELF, ANCHORAGE (via teleconference), supported HB 115. She was a self-employed science fiction writer. She supported a state income tax. It placed a hard link between the economy and the government. She thought Alaska was one of the only states without an income tax. She thought investment was necessary. She thanked members.

[3:49:34 PM](#)

MARTHA ARTZ, SELF, WASILLA (via teleconference), spoke in opposition of HB 115. She indicated she was aware of the problems of the state. She asked the legislature to stop spending. She believed in a state sales tax and a sin tax

and a tax on luxury items. She thanked members for their time.

[3:51:47 PM](#)

AMY HOSEA, SELF, DELTA JUNCTION (via teleconference), opposed HB 115. She suggested the use of a lottery. She spoke to the expense of living in Delta Junction and reported needing all of the income possible.

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JEREMY PRICE, AMERICANS FOR PROSPERITY, ANCHORAGE (via teleconference), spoke in opposition of HB 115. He came from a line of self-employed business owner. He thought a spending cap was a good idea. He referred to some of the history of a spending cap.

[3:55:26 PM](#)

PAUL VERHAGEN, SELF, NENANA (via teleconference), opposed HB 115. He believed that reductions to government spending was necessary. He voiced concerns of thousands of people moving away from the state. He opposed HB 115.

[3:57:03 PM](#)

[3:57:54 PM](#)

JANET COFFIN, SELF, JUNEAU (via teleconference), opposed the legislation. She spoke of the legislature wasting money with special session. She thought the tax was outrageous. She opposed HB 115.

[3:59:15 PM](#)

KATHIE WASSERMAN, ALASKA MUNICIPAL LEAGUE, ANCHORAGE, spoke in favor of HB 115. She reported that the membership was happy with the legislation being offered. She supplied a list of items the league recommended to the legislatures. The league did not believe that just one thing could be done to solve the whole problem.

[4:01:54 PM](#)

BYRON CHARLES, SELF, KETCHIKAN (via teleconference), He reported that he had supplied a document to members. He had just spoken to the attorney general of Alaska. He noted Alaska had made \$2.2 billion. He was 65 years old.

Co-Chair Seaton asked the testifier to submit further comments to the committee.

[4:05:59 PM](#)

CONRAD MULLER, SELF, JUNEAU (via teleconference), favored HB 115. He thanked members for the work put into the bill. He was glad to see a progressive income tax. He spoke of the detriments of a sales tax. He liked the idea of collecting taxes for those who work in Alaska but live outside of it.

[4:07:38 PM](#)

PAT FOX, SELF, FAIRBANKS (via teleconference), supported HB 115. However, she was concerned with all of the give-aways. She was a senior citizen. She thought a sales tax was good. She encouraged people to stop giving away Alaska's resources. She ran her own business and had not been given anything to help her business. She thanked the committee.

[4:10:08 PM](#)

ROSELYNN CACY, SELF, ANCHORAGE (via teleconference), asked about the sign for the Anchorage Legislative Information Office. She opposed HB 114. She asked the legislature not to change the PF. She thought the PFD existed to keep the fund permanent. She suggested a 1 percent income tax. It would be simpler than the tax proposed in HB 115.

[4:13:18 PM](#)

LAURA BOMNER, SELF, ANCHORAGE (via teleconference), testified in support of the legislation. She believed the restructuring of the PFD would help to maintain the dividend into the future. She stated an income tax could help fund infrastructure and other. She would not support a sales tax, which she believed should be reserved for local governments. She favored the bill over the Senate bill SB 26. She stressed a fiscal plan included an income tax, restructuring the PFD, and passing HB 111 that would reduce oil credits.

[4:16:06 PM](#)

PETER MJOS, SELF, ANCHORAGE (via teleconference), testified in support of the bill. He relayed that many individuals had left Alaska. He believed the proposed \$750 million cuts would result in significant job loss. He had recently been in California that had numerous taxes and was a vibrant state. He asked the legislature to implement the tax.

[4:19:06 PM](#)

JULIAN MASON, SELF, ANCHORAGE (via teleconference), did not support the legislation; however, he did not object to an income tax or a restructuring of the Permanent Fund. He thought all Alaskans should pay the same rate. He spoke to a new way to tax that was in the trust provision that he believed was messed up.

Vice-Chair Gara asked Mr. Mason to provide ideas on the provision.

Mr. Mason recommended removing the provision.

[4:21:33 PM](#)

DONALD FREDERICK, SELF, ANCHORAGE (via teleconference), spoke to seniors paying federal income tax on social security. He shared that if the state enacted an income tax that seniors would be negatively affected. He shared that most states did not charge taxes on retirement income or military. He suggested reduced spending and reduced Permanent Fund checks. He was tired for paying for the lazy and greedy.

[4:24:17 PM](#)

WOLFGANG FALKE, SELF, FAIRBANKS (via teleconference), opposed HB 115. He suggested that the decision be left to the people and wanted to see it on the ballot. He provided some of his background. He was a naturalized citizen of Alaska.

[4:26:37 PM](#)

KRISTI SHERMAN, SELF, FAIRBANKS (via teleconference), supported HB 115. She thought it was long overdue that

citizens of the state help out. She thought the bill was a good start.

[4:27:12 PM](#)

MOLLY SHERMAN, SELF, FAIRBANKS (via teleconference), supported HB 115. Alaskans needed to pay their share.

[4:27:40 PM](#)

B.A. SHERMAN, SELF, FAIRBANKS (via teleconference), supported HB 115. She appreciated the opportunity to testify.

[4:28:16 PM](#)

PATRICE LEE, SELF, FAIRBANKS (via teleconference), spoke in support of HB 115. She did not want to see additional cuts to the point of the decimation of various programs. She used childcare as an example. She also wanted to see the pupil teacher ratios remain small. She was willing to pitch in. She thanked the committee.

[4:30:09 PM](#)

JOHN SONIN, CIVILIZED HUMANITY, JUNEAU, was in support of HB 115. He thought maximizing the PFD distribution.

[4:32:42 PM](#)

AMIE VERHAGEN, SELF, NENANA (via teleconference), spoke in strong opposition of HB 115. She did not feel the legislature was making reasonable decisions. She thought additional cuts were necessary. She thought spending would continue. She urged the committee consider many ideas instead of taking the easy way out. She provided several examples. She asked members to work together. She noted Alaska was one of the most expensive state in the nation. She would not oppose an income tax, but not before other measures were taken.

[4:35:15 PM](#)

TERRY REED, SELF, HOMER (via teleconference), spoke in opposition of HB 115. She thought an income tax was the last measure to take. She thought the legislature should kick SB 21 to the curb and obtain additional revenues

through a different oil tax system. She encouraged additional cuts.

Vice-Chair Gara encouraged her to stay tuned for more debate on the oil tax bill HB 111.

[4:37:01 PM](#)

MICHAEL BUCY, SELF, JUNEAU (via teleconference), supported HB 115. He listed several programs and services that he wanted. He thought government was good when it was done right. He used Canada as an example. He thought oil companies had benefited more than Alaskans and the tax system should change.

[4:40:24 PM](#)

MICHAEL HANZUK, SELF, ANCHORAGE (via teleconference), staunchly opposed HB 115. He did not believe there had been enough budget cutting measures taken in the session. He thought tax implications and reductions to the PFD should not take place before additional cuts were made. He thought under no circumstance should an income tax be imposed and encouraged a spending cap.

[4:43:21 PM](#)

MIKE SWAIN, SELF, ANCHORAGE (via teleconference), spoke in opposition of HB 115. He wondered about the number of \$750. He appreciated the time.

[4:45:03 PM](#)

EVELYN VERHAGEN, SELF, NENANA (via teleconference), spoke in opposition of HB 115. She encouraged looking for wasteful spending. She thought taxes should be the legislature's last resort. She had seen an increase in government employee salaries. She wanted more accountability from government workers. She thought additional resources should be developed. She also suggested increasing tourism into the winter months to see Northern Lights. She thanked the chairman.

Co-Chair Foster relayed the agenda for the evening at which time public testimony would continue to be heard for HB 115.

#

ADJOURNMENT

4:50:12 PM

The meeting was adjourned at 4:50 p.m.