

ALASKA STATE LEGISLATURE
SENATE STATE AFFAIRS STANDING COMMITTEE

January 28, 2017

10:00 a.m.

MEMBERS PRESENT

Senator Mike Dunleavy, Chair
Senator Cathy Giessel
Senator John Coghill
Senator Dennis Egan
Senator David Wilson (online)

COMMITTEE CALENDAR

SENATE BILL NO. 1

"An Act making a special appropriation from the earnings reserve account for the payment of permanent fund dividends; and providing for an effective date."

- HEARD & HELD

SENATE BILL NO. 2

"An Act increasing the amount of the 2016 permanent fund dividend and directing the Department of Revenue to pay a supplemental dividend to eligible individuals; and providing for an effective date."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 1

SHORT TITLE: APPROP: 2016 PFD SUPPLEMENTAL PAYMENT

SPONSOR(S): SENATOR(S) DUNLEAVY

01/09/17	(S)	PREFILE RELEASED 1/9/17
01/18/17	(S)	READ THE FIRST TIME - REFERRALS
01/18/17	(S)	STA, FIN
01/24/17	(S)	STA AT 3:30 PM BUTROVICH 205
01/24/17	(S)	Heard & Held
01/24/17	(S)	MINUTE(STA)
01/28/17	(S)	STA AT 10:00 AM BUTROVICH 205

BILL: SB 2

SHORT TITLE: 2016 PFD SUPPLEMENTAL PAYMENT
SPONSOR(s): SENATOR(s) DUNLEAVY

01/09/17	(S)	PREFILE RELEASED 1/9/17
01/18/17	(S)	READ THE FIRST TIME - REFERRALS
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01/24/17	(S)	STA AT 3:30 PM BUTROVICH 205
01/24/17	(S)	Heard & Held
01/24/17	(S)	MINUTE(STA)
01/28/17	(S)	STA AT 10:00 AM BUTROVICH 205

WITNESS REGISTER

GINA RITACCO, Staff
Senator Mike Dunleavy
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Provided an overview of SB 1 and SB 2.

DR. JACK HICKEL, representing himself
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 1 and SB 2.

KEN FISHER, representing himself
Juneau, Alaska

POSITION STATEMENT: Testified in support of SB 1 and SB 2.

AL TINGLEY, representing himself
Juneau, Alaska

POSITION STATEMENT: Testified in opposition of SB 1 and SB 2.

MIKE ALEXANDER, representing himself
Big Lake, Alaska

POSITION STATEMENT: Testified in support of SB 1 and SB 2.

EDWARD WITBECK, representing himself
Kenai, Alaska

POSITION STATEMENT: Did not provide a position.

DAVID NEES, representing himself
Cooper Landing, Alaska

POSITION STATEMENT: Testified in support of SB 1 and SB 2.

J.R. MYERS, representative
Alaska Constitution Party
Soldotna, Alaska

POSITION STATEMENT: Testified in support of SB 1 and SB 2.

WILLIAM DEATON, representing himself
Cordova, Alaska

POSITION STATEMENT: Testified in support of SB 1 and SB 2.

BARBARA LEARMONTH, representing herself
Juneau, Alaska

POSITION STATEMENT: Testified in opposition of SB 1 and SB 2.

MICHAEL CHAMBERS, representative
United for Liberty-Alaska
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 1 and SB 2.

RICK HALFORD, representing himself
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 1 and SB 2.

CHARLES MCKEE, representing himself
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 1 and SB 2.

DAVID BOYLE, representing himself
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 1 and SB 2.

PAUL KENDALL, representing himself
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 1 and SB 2.

MARY NANUWAK, representing herself
Bethel, Alaska

POSITION STATEMENT: Testified in support of SB 1 and SB 2.

CHARLENE ARNESON, representing herself
Whittier, Alaska

POSITION STATEMENT: Testified in support of SB 1 and SB 2.

DR. VERNON SMITH, Professor of Economics and Law
Chapman University
Orange, California

POSITION STATEMENT: Testified in support of SB 1 and SB 2.

SALLY POLLEN, representing herself
Palmer, Alaska

POSITION STATEMENT: Testified in support of SB 1 and SB 2.

GEORGE PIERCE, representing himself
Kasilof, Alaska

POSITION STATEMENT: Testified in support of SB 1 and SB 2.

FRED STURMAN, representing himself
Kenai, Alaska

POSITION STATEMENT: Testified in support of SB 1 and SB 2.

MIKE NAVARRE, representing himself
Kenai, Alaska

POSITION STATEMENT: Testified in opposition of SB 1 and SB 2.

DONALD WESTLUND, representing himself
Ketchikan, Alaska

POSITION STATEMENT: Testified in opposition of SB 1 and SB 2.

JAKE JACOBSEN, representing himself
Kodiak, Alaska

POSITION STATEMENT: Testified in support of SB 1 and SB 2.

MIKE COONS, representing himself
Palmer, Alaska

POSITION STATEMENT: Testified in support of SB 1 and SB 2.

JEFFREY VAN ZANDT, representing himself
Tok, Alaska

POSITION STATEMENT: Testified in support of SB 1 and SB 2.

JIM "HOTAI" WILLIAMS, representing himself
Valdez, Alaska

POSITION STATEMENT: Testified in support of SB 1 and SB 2.

DR. BARBARA HANEY, representing herself
North Pole, Alaska

POSITION STATEMENT: Testified in support of SB 1 and SB 2.

JAMES SQUYRES, representing himself
Deltana, Alaska

POSITION STATEMENT: Testified in support of SB 1 and SB 2.

PAMELA GOOD, representing herself
Deltana, Alaska

POSITION STATEMENT: Testified in support of SB 1 and SB 2.

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

POSITION STATEMENT: Testified in support of SB 1 and SB 2.

RHONA VAN ZANDT, representing herself
Tok, Alaska

POSITION STATEMENT: Testified in support of SB 1 and SB 2.

GARY MCDONALD, representing himself
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 1 and SB 2.

CHRISTINE NEES, representing herself
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 1 and SB 2.

FRIEDRICH ZIMMERMAN, representing himself
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 1 and SB 2.

WILLIAM WEATHERBY, representing himself
King Salmon, Alaska

POSITION STATEMENT: Testified in support of SB 1 and SB 2.

CHARLOTTE NAYAGAK, representing herself
Chevak, Alaska

POSITION STATEMENT: Testified in support of SB 1 and SB 2.

BYRON CHARLES, representing himself
Ketchikan, Alaska

POSITION STATEMENT: Testified in support of SB 1 and SB 2.

VICTOR NAYAGAK, representing himself
Chevak, Alaska

POSITION STATEMENT: Testified in support of SB 1 and SB 2.

TOM BOUTIN, representing himself
Juneau, Alaska

POSITION STATEMENT: Testified in support of SB 1 and SB 2.

JEANINE ST. JOHN, representing herself
Anchorage, Alaska

POSITION STATEMENT: Testified in opposition of SB 1 and SB 2.

LAURA CLARK-MAKETA, representing herself
Palmer, Alaska

POSITION STATEMENT: Testified in support of SB 1 and SB 2.

WILLIAM TOPEL, representing himself
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 1 and SB 2.

JIM SYKES, representing himself
Palmer, Alaska

POSITION STATEMENT: Testified in support of SB 1 and SB 2.

ANDREW FRAILERY-AFANASYEV, representing himself
Fairbanks, Alaska

POSITION STATEMENT: Testified in support of SB 1 and SB 2.

TARYN LUSKLEET, representing herself
North Pole, Alaska

POSITION STATEMENT: Testified in support of SB 1 and SB 2.

VANESSA PLATTER, representing herself
Eagle River, Alaska

POSITION STATEMENT: Testified in support of SB 1 and SB 2.

GERRIT SOUTHLAND, representing himself
Wrangell, Alaska

POSITION STATEMENT: Testified in support of SB 1 and SB 2.

NORAH SMART, representing herself
Hooper Bay, Alaska

POSITION STATEMENT: Testified in support of SB 1 and SB 2.

EVELYNN TREFON, representing herself
Newhalen, Alaska

POSITION STATEMENT: Testified in support of SB 1 and SB 2.

WILLIAM REINER, representing himself
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 1 and SB 2.

ELIZABETH BREUKER, representing herself
Deltana, Alaska

POSITION STATEMENT: Testified in support of SB 1 and SB 2.

JOHN SONIN, representing himself
Juneau, Alaska

POSITION STATEMENT: Testified in support of SB 1 and SB 2.

DELICE CALCOTE, representing herself
Sutton, Alaska

POSITION STATEMENT: Testified in support of SB 1 and SB 2.

ROSS BIELING, representing himself

Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 1 and SB 2.

PAMELA BRODIE, representing herself

Homer, Alaska

POSITION STATEMENT: Testified in support of SB 1 and SB 2.

ACTION NARRATIVE

[10:00:54 AM](#)

CHAIR MIKE DUNLEAVY called the Senate State Affairs Standing Committee meeting to order at 10:00 a.m. Present at the call to order were Senators Giessel, Egan, Coghill, Wilson (online), and Chair Dunleavy.

SB 1-APPROP: 2016 PFD SUPPLEMENTAL PAYMENT **SB 2-2016 PFD SUPPLEMENTAL PAYMENT**

[10:01:13 AM](#)

CHAIR DUNLEAVY announced that the purpose of the meeting is to hear testimony on SB 1 and SB 2. He asked for summations on SB 1 and SB 2.

[10:01:33 AM](#)

GINA RITACCO, Staff, Senator Dunleavy, Alaska State Legislature, Juneau, Alaska, explained that SB 1 is an appropriation bill that will appropriate the money to restore the dividend that amounts to approximately \$1,030 per person, which is a total of \$683.23 million; SB 2 is the directive for the Alaska Department of Revenue to immediately payout the dividend once both bills are passed.

[10:02:09 AM](#)

CHAIR DUNLEAVY announced that the committee will commence with invited testimony.

[10:02:40 AM](#)

At ease.

[10:03:01 AM](#)

CHAIR DUNLEAVY called the committee back to order. He announced that invited testifier Dr. Jack Hickel will address the committee. He detailed that Dr. Hickel is a family physician working for the Southcentral Foundation.

[10:03:09 AM](#)

DR. JACK HICKEL, representing himself, Anchorage, Alaska, testified in support of SB 1 and SB 2. He set forth that there should not be changes or capping of the permanent fund. He added that earnings should not be spent without the vote of the people. He asserted that the permanent fund dividend (PFD) belongs to the people and is guaranteed through a constitutional amendment.

[10:08:56 AM](#)

At ease.

[10:09:31 AM](#)

CHAIR DUNLEAVY called the committee back to order. He announced that the committee will hear public testimony.

[10:10:13 AM](#)

KEN FISHER, representing himself, Juneau, Alaska, testified in support of SB 1 and SB 2. He said the governor unilaterally took away over \$1,000 from each Alaskan and it's up to the Legislature to defend the PFD law against the unilateral action of the governor. He asserted that state government should live within its means.

[10:13:26 AM](#)

AL TINGLEY, representing himself, Juneau, Alaska, testified in opposition of SB 1 and SB 2. He asserted that Alaskans have not earned a cent that the state seems bound to give to them. He advised that funds would be better spent on correcting issues for the population. He suggested that an education endowment be set up for children rather than allowing parental control.

[10:15:27 AM](#)

MIKE ALEXANDER, representing himself, Big Lake, Alaska, testified in support of SB 1 and SB 2. He set forth that the governor had taken away \$1 billion from Alaska's economy and hurt a lot of folks, especially the poorest members of society.

[10:17:54 AM](#)

EDWARD WITBECK, representing himself, Kenai, Alaska, did not provide a position on SB 1 or SB 2.

[10:20:03 AM](#)

DAVID NEES, representing himself, Cooper Landing, Alaska, testified in support of SB 1 and SB 2. He asserted that the governor's action on the PFD negatively impacted his family.

[10:21:43 AM](#)

J.R. MYERS, Chairman, Alaska Constitution Party, Soldotna, Alaska, testified in support of SB 1 and SB 2. He set forth that the Alaska Constitution Party is adamantly opposed to the governor's unilateral and unprecedented action that interferes with a contract with the people of Alaska. He said the Alaska Constitution Party views the PFD as compensation for Alaskans' loss of mineral and subsurface rights. He remarked that the money for the PFD is best spent by the people not by the government. He asserted that government should be downsized to a sensible level. He said the governor's action created an adverse effect on the economy in addition to placing two percent of the state's population below the poverty line.

[10:23:17 AM](#)

WILLIAM DEATON, representing himself and family, Cordova, Alaska, testified in support of SB 1 and SB 2. He said what the governor did was wrong and did so without the Legislature giving its okay. He set forth that cutting the PFD will have the most adverse effect on the private-sector economy. He asserted that the current deficient is due to the government spending too much without looking to the future.

[10:25:06 AM](#)

BARBARA LEARMONTH, representing herself, Juneau, Alaska, testified in opposition of SB 1 and SB 2. She set forth that she supports the governor's actions from the previous year. She asserted that she would rather hear talk about a responsibility to the state, its infrastructure and children's future rather than a right to unearned money. She opined that the permanent fund is a "permanent fund" that might be needed later and not a "permanent dividend." She asserted that last year's decision by the governor was necessitated due to the Legislature not coming up with a solution. She encouraged the Legislature to come up with a fiscal solution first and then see what's the best outcome for the PFD.

[10:27:47 AM](#)

MICHAEL CHAMBERS, representative, United for Liberty-Alaska, Anchorage, Alaska, testified in support of SB 1 and SB 2. He stated that he is adamantly opposed to the restructuring of the permanent fund. He set forth that Alaska has a very proud history of creating the very first payment of the earth's resources directly to the people and the history should be protected.

[10:30:17 AM](#)

RICK HALFORD, representing himself, Anchorage, Alaska, testified in support of SB 1 and SB 2. He disclosed that he is a former legislator and noted being the House-majority leader when the original PFD was passed.

He supported the PFD legislation and continued to support the PFD against every effort to change it. He pointed out that most of those in power have gone to the permanent fund when money was needed, the most regressive possible source. He revealed that the original amendment was changed in the Legislature specifically to allow for the dedication of permanent-fund income, the added language was the last five words, "Unless otherwise provided by law." He explained that the amendment allowed for the dedication, which is in the law today, in addition to requiring inflation proofing and dividends.

He disclosed that there was a lot of effort in the permanent fund discussion of how the averaging worked and how the inflation was calculated; that far exceeded the discussion of the dividend's amount. He stated that the dividend's purpose was to equalize some of the benefits that were going in huge measure to wealth, power, influence and all of the other things that drive the political process; but, other than the first dividend, which came from the general fund because the money hadn't accrued in the permanent fund yet, there was never the need of an appropriation.

He said he supported the efforts and purposes in SB 1 and SB 2, but the question currently in court is over "appropriation." He asserted that the inflation proofing and dividend in the law are specifically provided for and allowed by the constitution, they are not optional and the corporation violated the law on bad legal advice. He remarked that appropriation for accounting purposes or for knowledge of what's going on does not hurt anything, but the appropriation was totally unnecessary.

He said taking over \$600 million out of an economy that is spent from the bottom by individual choices over a short period has an astronomical impact that approaches the entire payroll of state and local government. He opined that the impact has spread the recession that was limited to the oil industry and their contractors to the whole economy; it is the most regressive economic act since statehood and the veto totally separates the dividend from the permanent fund itself, resulting in a vehicle that no longer protects a prudent investment policy to avoid bad loans or bad investments and no longer acts as an avenue to protect and let people understand that inflation proofing is

essential to the future of the fund. He set forth that permanent fund itself is under attack due to the separation.

MR. HALFORD referenced a 1995 annual report from the Alaska Permanent Fund Corporation that stated the following:

The permanent fund earnings are rightfully owned by the people of Alaska; they are not gifts bestowed by a generous government, they are constitutional rights.

He contended that he does not buy every aspect of the permanent fund earnings being a constitutional right, but he contended that the people of Alaska should decide.

He set forth that the battle the state sees itself in has been repeated over and over again since the inception of the permanent fund. He opined that the dividend funds everything from the bottom while the government funds everything from the top.

He summarized that the permanent fund speaks for itself by its record and encouraged the Legislature to let the people decide what to do with it. He asserted that the permanent fund is the one thing in the state of Alaska that is not broken.

[10:37:50 AM](#)

CHARLES MCKEE, representing himself, Anchorage, Alaska, testified in support of SB 1 and SB 2.

[10:41:52 AM](#)

DAVID BOYLE, representing himself, Anchorage, Alaska, testified in support of SB 1 and SB 2. He asked that people in the lower income brackets be taken into consideration.

[10:45:16 AM](#)

PAUL KENDALL, representing himself, Anchorage, Alaska, testified in support of SB 1 and SB 2. He opined that that the bills would get back the "theft" of \$1,032. He commended legislators who have stood on behalf of the "little people" against the "theft."

[10:49:38 AM](#)

MARY NANUWAK, representing herself, Bethel, Alaska, testified in support of SB 1 and SB 2. She asked that legislators think about rural Alaskans before making their decisions and consider the horrendous conditions they live under.

[10:54:09 AM](#)

CHARLENE ARNESON, representing herself, Whittier, Alaska, testified in support of SB 1 and SB 2. She asserted that legislators can come up with a good solution without tapping the PFD first.

10:57:31 AM

CHAIR DUNLEAVY recognized legislators online: Senator David Wilson and Representative Colleen Sullivan-Leonard. He asked that Dr. Vernon Smith, an invited testifier, address the committee. He detailed that Dr. Smith received the Nobel Prize for Economic Science in 2002 and is now a professor at Chapman University.

10:58:10 AM

DR. VERNON SMITH, Professor of Economics and Law, Chapman University, Orange, California, testified in support of SB 1 and SB 2. He mentioned that he did not speak as an Alaskan, but as one who loves Alaska very much and noted that he has been going to Alaska fairly regularly since 1965 and feels almost like a citizen.

He set forth that Alaska did an incredibly innovative thing when the state created the Alaska Permanent Fund. He set forth that the permanent fund is unprecedented in the sense that it recognizes that the state's natural resources belongs to the people and at least some of the revenue and value from those resources should be set aside for direct distribution to the people. He admitted that most governments give the people nothing and the individual citizens in the few that have some sort of a permanent fund do not have rights in their funds; that is an important principle that has the potential of reducing an inequality in a way that's not really a burden in terms of transfers through the tax system.

He said if the Legislature cannot support them, then a referendum is important where Alaskans have an opportunity to approve any diversion of their dividend income. He pointed out that the state had a large share of the permanent-fund income and asking why better emergency provisions were not made is an important question. He calculated that the Alaska Permanent Fund was worth a remarkable \$74,000 for every man, woman and child in the state. He opined that if any change is made to the permanent fund, Alaskans should be allowed access to the

principle to invest in Alaskan businesses or other ways to help develop the Alaskan economy.

[11:01:24 AM](#)

SALLY POLLEN, representing herself, Palmer, Alaska, testified in support of SB 1 and SB 2. She noted that the dividend money taken from Alaskans is sitting in an account and inquired what is to be done with the money. She pointed out that the money set aside would not make a dent in Alaska's fiscal crisis. She opined that the money taken from the permanent fund was far reaching and robbed what belonged to future generations.

[11:04:58 AM](#)

GEORGE PIERCE, representing himself, Kasilof, Alaska, testified in support of SB 1 and SB 2. He set forth that the PFD is most important to children, Alaska natives, and rural areas. He opined that taking half of the PFD has made the people poorer. He pointed out that the University of Alaska-Anchorage Institute of Social and Economic Research (ISER) reported that a PFD cut has a higher impact than other tax options. He summarized that the legislation is broken, not the PFD.

[11:08:24 AM](#)

CHAIR DUNLEAVY specified that the previous year's budget bills that were passed by both bodies had an appropriation in the legislation for a full dividend that many legislators voted for, but the appropriation has halved through the governor's veto.

[11:08:59 AM](#)

FRED STURMAN, representing himself, Kenai, Alaska, testified in support of SB 1 and SB 2. He remarked that the Legislature spent more money than the state could afford to spend. He pointed out that bills to cut spending were never introduced when the state had a lot of money. He asked that people who don't have a lot of resources should not be taxed. He set forth that a local Alaskan can spend their money better than the government can.

[11:11:00 AM](#)

CHAIR DUNLEAVY recognized that Senator Tom Begich and Representative George Rauscher were in attendance. He announced that the next testifier is Mike Navarre, mayor of Kenai and former Alaska legislator.

[11:11:19 AM](#)

MIKE NAVARRE, representing himself, Kenai, Alaska, testified in opposition of SB 1 and SB 2. He set forth that the spending decisions need to be in the context of an overall fiscal plan so

that the current fiscal crisis does not turn into a full-blown economic crisis for Alaska.

MR. NAVARRE opined that last year's actions by the governor simply reduced spending, not dissimilar from the Legislature's discretionary authority on inflation proofing the permanent fund. He noted that the overriding concern during the permanent fund's early days was to save a renewable resource for future debates and discussions about what the spending decisions are for the state of Alaska.

He conceded that making a distribution and then deducting that distribution hits the state's lowest earners and income folks; however, the focus should be on the state's overall future. He said he is fine with some legislators interested in spending reductions; however, once a determination is made, legislators have to figure out how to pay for their decisions. He asserted that choices in budget cuts, taxes or PFD distribution are going to have economic consequences.

He summarized that he thanked past legislatures for appropriating excess earnings into the permanent fund as well as setting up the permanent fund to turn Alaska's nonrenewable resources into a renewable resource which is now the state's largest single source of revenue.

[11:14:33 AM](#)

DONALD WESTLUND, representing himself, Ketchikan, Alaska, testified in opposition of SB 1 and SB 2. He opined that many Alaskans survived without the PFD. He remarked that the state probably does not have the money to put into PFD checks and legislators should focus on the state's current financial problems. He suggested that an income tax be considered to close the state's debt. He remarked that distributing a PFD and then paying the state for an income tax does not make sense.

[11:18:00 AM](#)

JAKE JACOBSEN, representing himself and family, Kodiak, Alaska, testified in support of SB 1 and SB 2. He said he initially opposed the PFD because he considered it to be a form of socialism, but he came to understand that as owners of Alaska's owner state, the PFD is Alaskans' due as a share distribution, whether needed or not.

[11:19:32 AM](#)

MIKE COONS, representing himself, Palmer, Alaska, testified in support of SB 1 and SB 2, specifically due to their impact on

the economy. He said he questioned Governor Walker's statement that keeping half of the PFD would help reduce the budget. He opined that the real reason for the state's recession is a combination of not paying the oil industry the credits that are in statute and the state's economic uncertainty. He asked that state government stop spending the people's money and cut the budget to sustainable levels.

[11:22:40 AM](#)

JEFFREY VAN ZANDT, representing himself, Tok, Alaska, testified in support of SB 1 and SB 2. He opined that the taking of the PFD is criminal and has hurt poor people. He asked that the government make budget cuts and restore the PFD.

[11:25:09 AM](#)

JIM "HOTAI" WILLIAMS, representing himself, Valdez, Alaska, testified in support of SB 1 and SB 2. He opined that the taking of the PFD by the governor is a crime.

[11:27:53 AM](#)

DR. BARBARA HANEY, representing herself, North Pole, Alaska, testified in support of SB 1 and SB 2. She asserted that the governor's PFD veto exasperated the "depression" in the area north of the Alaska Range. She opined that the governor's economic model has serious philosophical and economic flaws. She asked that the PFD not be restructured and asked that the amount of money from the PFD veto be restored. She set forth that the governor's veto was the most regressive tax.

[11:29:58 AM](#)

JAMES SQUYRES, representing himself, Deltana, Alaska, testified in support of SB 1 and SB 2. He asserted that the governor's veto had taken \$5 million directly out of the Deltana's local economy. He concurred with the ISER study that cutting the PFD has the hardest effect on the private economy.

[11:32:14 AM](#)

PAMELA GOOD, representing herself, Deltana, Alaska, testified in support of SB 1 and SB 2. She asserted that the permanent fund, PFD and oil revenues belong to the people and the Legislature was supposed to be wise stewards of the state's money. She set forth that government is too big and the PFD money should be returned to the people.

[11:35:16 AM](#)

DENNY KAY WEATHERS, representing herself, Hawkins Island-Prince Williams Sound, Alaska, testified in support of SB 1 and SB 2.

She believed that Governor Walker was wrong when he vetoed half of Alaska's PFD checks the previous year. She opined that an overwhelming majority of voters felt the same way and noted a survey that Governor Walker's popularity dropped sharply after his veto. She set forth that the Senate was wrong in not taking action. She noted that the governor was quoted in a 2014 where he stated that he had no intention to implement a statewide tax or paying for state government by reducing PFD checks. She explained that the permanent fund was created to keep the government from spending the oil-wealth recklessly. She summarized that Alaska does not need any new taxes nor does the PFD need to be surrendered. She set forth that government needs to be cut and overspending stopped.

[11:39:38 AM](#)

RHONA VAN ZANDT, representing herself, Tok, Alaska, testified in support of SB 1 and SB 2. She said the rural communities have been devastated and forgotten. She revealed that her family uses the PFD to pay for wood to heat their home and buy groceries. She set forth that the PFD should remain with the people. She asserted that the people in the rural communities have lost total trust and faith in Alaska's government.

[11:42:05 AM](#)

GARY MCDONALD, representing himself, Anchorage, Alaska, testified in support of SB 1 and SB 2. He opined that 99 percent of the people want their PFD back and not to touch it. He said he is upset with the governor and will never vote for him again.

[11:43:20 AM](#)

CHRISTINE NEES, representing herself, Anchorage, Alaska, testified in support of SB 1 and SB 2. She remarked that if allowed, voters would repeal the governor's veto. She said the PFD is her share of Alaska's oil wealth as well as her family's share. She remarked that legislators need to cut into the budget before reaching into her wallet and the wallets of other citizens. She said she is tired of legislators and the governor looking for a quick fix, which is an irresponsible and lazy act.

[11:44:50 AM](#)

FRIEDRICH ZIMMERMAN, representing himself, Anchorage, Alaska, testified in support of SB 1 and SB 2. He asked that the PFD be reinstated that way it was.

[11:45:59 AM](#)

WILLIAM WEATHERBY, representing himself, King Salmon, Alaska, testified in support of SB 1 and SB 2. He revealed that he ran

as a candidate for the House the previous year and noted that a common theme was how hard people were impacted by only getting half of their PFD. He explained that the cost of living is high in Alaska's rural villages and asked that the other half of the PFD be returned so that residents can provide for themselves.

[11:49:54 AM](#)

CHARLOTTE NAYAGAK, representing herself, Chevak, Alaska, testified in support of SB 1 and SB 2. She asserted that true Alaskan people were meant to be given their PFD. She set forth that the PFD is needed for her family's needs.

[11:52:11 AM](#)

BYRON CHARLES, representing himself, Ketchikan, Alaska, did not provide a position on SB 1 or SB 2.

[11:55:36 AM](#)

VICTOR NAYAGAK, representing himself, Chevak, Alaska, testified in support of SB 1 and SB 2. He said the PFD tremendously impacts a low income family. He pointed out that no PFD to spend means no money goes back into the economy. He stated that getting the second half of the PFD would help his family out a lot.

[11:57:50 AM](#)

TOM BOUTIN, representing himself, Juneau, Alaska, testified in support of SB 1 and SB 2. He set forth that the PFD gives Alaskans flexibility, especially with the likelihood that Alaskans might have to purchase some of the government services they enjoy that the state can no longer afford. He opined that outside of the southern states during Reconstruction, no state has ever faced the kind of economic change that Alaska faces. He pointed out that the state faces a profound imbalance of consumption versus production. He noted that if he and his wife had saved all of the PFDs and invested at 6 percent, the total would have been \$260,000, an amount that would have provided financial flexibility. He summarized that everybody had choices and Alaskans continue to have choices with the PFD; SB 1 and SB 2 continue those choices.

[12:00:57 PM](#)

JEANINE ST. JOHN, representing herself, Anchorage, Alaska, testified in opposition of SB 1 and SB 2. She asserted that the fiscal situation should have actually been resolved last year and part of the permanent-fund earnings should have been part of the solution that would have stabilized government services and resulted in a \$1,000 PFD check anyway; however, the veto by the

governor did not reduce the budget and maintained the Legislature's ability to make changes in the revenue portion of the state's fiscal plan. She set forth that overriding the governor's veto and giving out the PFD money is not a good solution or even the right thing to do. She asserted that distributing the PFD and then having to come up with a revenue source to fill the bigger hole is not leadership. She remarked that giving out money might be good for votes, but not good for policy. She asserted that she and her family are willing to step up and help pay for services and everyone, including out-of-state workers, should contribute as well. She opined that the state cannot cut its way out and the two bills do not help with the solution.

12:04:44 PM

LAURA CLARK-MAKETA, representing herself, Palmer, Alaska, testified in support of SB 1 and SB 2. She said the PFD veto really effects the lowest 10 percent of income earners in Alaska. She explained that she relied on the PFD to help pay her bills. She asserted that the governor can only take her PFD if she receives her subsurface rights in-kind. She set forth that the PFD should not be touched until the size and spending of government is addressed. She pointed out that oil companies have reduced and asked why state government has not reduced as well.

12:07:47 PM

WILLIAM TOPEL, representing himself, Anchorage, Alaska, testified in support of SB 1 and SB 2. He said he witnessed the formation of the permanent fund and PFD, both are state programs that have worked well and are models for the world. He remarked that Governor Walker's action to cap the 2016 PFD through his appropriation veto has not been used to offset the state's fiscal problems, but his action has made the lives of many Alaskans more difficult. He asserted that the governor's veto had a \$1 billion effect on Alaska's economy, worsened the state's recession, placed more Alaskans below the poverty line, and reduced retail sales in the private sector. He set forth that the PFD belongs to the people of Alaska, not state government. He remarked that the PFD represents individual Alaskans' shares to a commonly held resource wealth. He summarized that there needs to be a sustainable budget approach, continued spending cuts to state government, and restoration of PFD payments to Alaskans as proposed by SB 1 and SB 2.

12:10:31 PM

CHAIR DUNLEAVY recognized that Representative Tammie Wilson was listening to the committee meeting, online.

[12:10:44 PM](#)

JIM SYKES, representing himself, Palmer, Alaska, testified in support of SB 1 and SB 2. He said he concurred with former senator Halford's comments. He remarked that he has not heard the Legislature address how the state's budget crisis can be solved while leaving the permanent fund intact. He asserted that inflation proofing the permanent fund and annually paying out the PFD are the glue that has held the whole thing together and needs to continue.

He suggested that Alaskans reflect on former Alaska governor Hammond's statement that taxing back some of the permanent fund is better than allowing the transfer of the permanent fund directly to government; a salient point because paying the PFD sends money through the Alaska economy where people may have to pay some of it back through a possible income tax.

He remarked that in 2016, the Legislature did not take their responsibility to meet spendable budgets and the governor did not have the authority to raise revenue. He suggested that solving the state's budget problem is going to take a combination of cuts and efficiencies; however, the Legislature is the only authority that can raise revenue. He opined that the state cannot cut its way out of the budget crisis and revenues will have to be raised. He pointed out that changes can be temporary. He summarized that he supported SB 1 and SB 2 in concept, and the bills should be part of a larger package.

[12:13:49 PM](#)

At ease.

[12:46:07 PM](#)

CHAIR DUNLEAVY called the committee back to order.

[12:46:22 PM](#)

ANDREW FRAILERY-AFANASYEV, representing himself and the Alaska native-rural population, Fairbanks, Alaska, testified in support of SB 1 and SB 2. He asserted that the PFD is a vital part of the income of native Alaskan families who face severe poverty, extremely harsh living conditions, and degradation of their subsistence lifestyle. He advocated for the restoration and payout of the PFD.

[12:47:37 PM](#)

TARYN LUSKLEET, representing herself and family, North Pole, Alaska, testified in support of SB 1 and SB 2. She said the

people's PFD should be returned to the people. She asserted that the money vetoed from the PFD would not make a dent in the budget and noted that the money was sitting aside in an account not doing anything. She disclosed that she had planned to use the PFD for her children's college expenses. She remarked that not receiving the full PFD had a huge impact on similar families that are earning just barely "above the line" where families "below the line" would qualify for services. She summarized that the state should operate within its means.

[12:50:44 PM](#)

VANESSA PLATTER, representing herself, Eagle River, Alaska, testified in support of SB 1 and SB 2. She asked that the proposed PFD be returned. She opined that Alaskans should at least have a vote on something as important as their PFD.

[12:53:37 PM](#)

GERRIT SOUTHLAND, representing himself, Wrangell, Alaska, testified in support of SB 1 and SB 2. He remarked that what Governor Walker did was wrong and the PFD should go back to Alaskans.

[12:55:26 PM](#)

NORAH SMART, representing herself and her grandchildren, Hooper Bay, Alaska, testified in support of SB 1 and SB 2. She said living in rural Alaska is expensive and the money from the PFD is needed.

[12:56:59 PM](#)

At ease.

[12:57:12 PM](#)

CHAIR DUNLEAVY called the committee back to order.

[1:30:11 PM](#)

EVELYNN TREFON, representing herself, Newhalen, Alaska, testified in support of SB 1 and SB 2. She said the people have a right to the PFD money due to the law as currently written. She remarked that she also supported the governor on taking action in trying to protect Alaskans by trying to balance the budget. She pointed out that capping the PFD at \$1,000 would mean having the PFD for the next 20 years.

[1:32:17 PM](#)

CHAIR DUNLEAVY asked if Ms. Trefon is in support of SB 1 and SB 2.

MS. TREFON answered that she supported SB 1 and SB 2 because of the way the law is currently written. She remarked that she applauded Governor Walker for doing something to try to generate the conversation about the state's financial situation.

[1:33:00 PM](#)

WILLIAM REINER, representing himself, Anchorage, Alaska, testified in support of SB 1 and SB 2.

[1:33:58 PM](#)

At ease.

[1:40:20 PM](#)

CHAIR DUNLEAVY called the committee back to order.

[1:40:36 PM](#)

ELIZABETH BREUKER, representing herself, Deltana, Alaska, testified in support of SB 1 and SB 2. She said she was angry with the Legislature in allowing the governor to steal her children's PFD. She suggested that the Legislature get its spending intact. She remarked that the PFD veto had directly taken money out of the Alaskan economy. She asserted that her mineral rights should be given back if the PFD is going to be taken away.

[1:43:59 PM](#)

JOHN SONIN, representing himself, Juneau, Alaska, testified in support of SB 1 and SB 2. He set forth that the PFD puts funds into Alaska's economy.

[1:47:16 PM](#)

DELICE CALCOTE, representing herself, Sutton, Alaska, testified in support of SB 1 and SB 2. She set forth that the PFD veto effected children, single parents, released inmates, the unemployed in tribal communities, and people in low-cost housing. She inquired if the state saw an increase in theft and crime due to the PFD veto. She questioned the percentage of Alaskan businesses that the Alaska Permanent Fund Corporation invests in. She summarized that the money should be given back to the people and for the Alaska Permanent Fund Corporation to make better investment choices.

[1:51:33 PM](#)

ROSS BIELING, representing himself, Anchorage, Alaska, testified in support of SB 1 and SB 2. He asserted that the state was in a situation forecasted by an ISER report that a PFD cut would have a demonstrative effect and lead to a recession. He said the

governor made a mistake in his PFD veto, but he understood the peril that the state was in. He pointed out that a positive may result from the recent oil discoveries. He said passage of SB 1 and SB 2 is needed for a solid economy so people do not leave and help avoid a long-term effect on the state, such as providing the ability to invest in oil-tax credits.

[1:53:08 PM](#)

At ease.

[1:53:17 PM](#)

CHAIR DUNLEAVY called the committee back to order.

[1:53:33 PM](#)

PAMELA BRODIE, representing herself, Homer, Alaska, testified in support of SB 1 and SB 2. She conceded that the Legislature is facing a difficult problem with unattractive possibilities that hurt people, but taking money out of the PFD is the worst possible solution with the most damaging effect to the economy. She asserted that taking the PFD is the equivalent of taxing every Alaskan \$1,000 regardless of their ability to pay. She asserted that instituting an income tax would be fairer. She suggested that subsidies to the oil industry be cut as well as cutting money to the proposed gas line.

[1:56:45 PM](#)

At ease.

[1:58:47 PM](#)

CHAIR DUNLEAVY called the committee back to order. He thanked those that testified on SB 1 and SB 2 and held the bills in committee for further consideration.

[1:59:30 PM](#)

There being no further business to come before the committee, Chair Dunleavy adjourned the Senate State Affairs Committee at 1:59 p.m.