

HOUSE FINANCE COMMITTEE
FIRST SPECIAL SESSION
May 23, 2019
9:00 a.m.

9:00:25 AM

CALL TO ORDER

Co-Chair Wilson called the House Finance Committee meeting to order at 9:00 a.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair
Representative Tammie Wilson, Co-Chair
Representative Jennifer Johnston, Vice-Chair
Representative Dan Ortiz, Vice-Chair
Representative Andy Josephson
Representative Gary Knopp
Representative Bart LeBon
Representative Ben Carpenter (via teleconference)
Representative Kelly Merrick (via teleconference)
Representative Colleen Sullivan-Leonard
Representative Cathy Tilton

MEMBERS ABSENT

ALSO PRESENT

Alexei Painter, Analyst, Legislative Finance Division; Joe Geldhof, AK Permanent Fund Defenders, Juneau; Vikki Jo Kennedy, Self, Juneau; Representative Sarah Vance; Senator Mia Costello; Representative Adam Wool; Senator Bert Stedman; Representative Chuck Kopp; Representative David Eastman;

PRESENT VIA TELECONFERENCE

Melody McCullough, Self, Wasilla; Robbi Douglas, Self, North Pole; Chris Eichenlaub, Self, Eagle River; Linda Timothy Wood, Self, Palmer; James Squyres, Self, Rural Deltana; Ed Martin Jr., Self, Cooper Landing; Dave Maxwell, Self, Palmer; Bert Houghtaling, Self, Big Lake; Mike Coons, President, Greater Alaskan AMAC Action, Palmer; Mike Alexander, Self, Big Lake; Kim Nelson, Self, Fairbanks; Bernard Campbell, Self, Wasilla; Bonnie Thumma, Self,

Fairbanks; Paula Gallagher, Self, Homer; Adam Hykes, Self, Homer; Roxanne Lester, Self, Fairbanks; Randy Griffin, Self, Fairbanks; James Walsh, Self, Kasilof; Deborah Holland, Self, Anchorage; David Hurn, Self, Wasilla; Pattrice Illguth, Self, North Pole; Gary McDonald, Self, Anchorage; Ronald Seaman, Self, Kodiak; Thomas Griffith, Self, Salcha; Gail Limbaugh Moore, Self, Soldotna; Ben Britten, Self, Fairbanks; Tanya Kitka, Self, Kodiak; Paul Rugloski, Self, Homer; Stephen Duplantis, Self, Anchorage; William Topel, Self, Anchorage; Teresa Storch, Self, Kodiak; Abby St. Clair, Self, Wasilla; Jennie Katchatag, Self, Unalakeet; Diane Macrae, Self, Anchorage; Anna Walters, Self, Anchorage; Garet Abbot, Self, Ketchikan; Amonte Wallace, Self, Anchorage; Frances Bennett, Self, Anchorage; Lorraine Ergnaty, Self, Wasilla; Gordon Johnson, Self, Juneau; Maynard Willburn, Self, Craig; Sally Johnson, Self, Palmer; Timothy Ingraham, Self, North Pole; Antoinette Bradley, Self, Wasilla; Daryl Schierholt, Self, Wasilla; Lloyd Dan Hollingsworth, Self, Anchorage; Edward Bias, Self, Palmer; Kelley Cizek, Self, Soldotna; Greg Collins, Self, Homer; James Gentry, Self, Anchorage; Coliwitichec Gentry, Self, Anchorage; Kimberly Clark-Thiry, Self, Anchor Point; Corbin Arno, Self, Homer; Lynn Lowrey, Self, Wasilla; Bill Iverson, Self, Soldotna; Vivian Swanson, Self, Soldotna; William Brown, Self, Wasilla; Faye Sarren, Self, Anchorage; Michael Dukes, Self, Wasilla; Debra Kuse, Self, Wasilla; Dean Camery, Self, Eagle River; Barbara Baughn-Bookey, Self, Kenai; Sharon Gherman, Self, Soldotna; Bill Price, Self, Wasilla; Clem Tillion, Chair, PFD Defenders, Halibut Cove; Joseph Ward, Self, Palmer; David Witt, Self, Palmer; Morma Harrison-Davis, Self, Palmer; George Pierce, Self, Kasilof; Raymond Hill, Self, Anchorage; Nancy Hill, Self, Anchorage; Lynda Myers, Self, Anchorage; Dr. Diana Chadwell, Self, Delta Junction; Patrick Schlicting, Self, Delta Junction; Garvan Bucaria, Self, Wasilla; William Kenyon, Self, Cordova; Liz Senear, Self, Cordova; Herman Morgan, Self, Aniak; Elizabeth Holm, Self, North Pole; Kim Short, Self, Houston; Leslie Hvamstad, Self, Houston; Williams Lambert, Self, North Pole; Carolyn Porter, Self, Palmer; Christine Robbins, Self, Fairbanks; Mike Prax, Self, Fairbanks; Sally Foly, Self, Anchorage; Kathy Miller, Self, Kenai; Adam Cardwell, Self, Willow; Chuck Derrick, Self, Fairbanks; John Rathbun, Self, Fairbanks; Mark A. Ames, Self, Fairbanks; Dixie Banner, Self, Wasilla; Valerie Nabinger, Self, Anchorage; Tina Minster, Self, Sterling; Robert Heatherington, Self, Fairbanks; Eric Knowlton, Self, Wasilla; Monique Duncan,

Self, North Pole; Ervin Malcuit, Self, Wasilla; Marcy Sowers, Self, Wasilla; Emily Florian, Self, Wasilla; Charles Lester, Self, Delta Junction; Patrick Martin, Self, Wasilla; Lorna McAninch, Self, Anchorage; Sandra Delong, Self, Juneau; Anthony Baiocchi, Self, Wasilla; Marie Culp-Washburn, Self, Kenai; Troy Scott, Self, Anchorage; Jeff Nelson, Self, Wasilla; Bruce Williams, Self, Wasilla; Ken Brown, Self, Soldotna; Steward Spence, Self, Homer; Kristen Bush, Self, Eagle River; Christopher Nugent, Self, Wasilla; Mark Prentice, Self, Kenai; Rob Kinney, Self, Willow; Timothy Mayberry, Self, North Pole; Sarah Ann Jackson, Self, Juneau; Walter Rose, Self, Nome; John Lisenbee, Self, Anchorage; Gerry Balluta, Self, Ketchikan; Stephanie Clay, Self, Anchorage; David Hurn, Self, Wasilla; Rachel Colvard, Self, Anchorage; Jeb Stuart, Self, Wasilla; Roy Sumner, Self, Wasilla; Bob Barndt, Self, Eagle River; Allen Cruce, Self, Palmer; Barbara McMahan, Self, Fairbanks; Jonathan Lovejoy, Self, North Pole; Pierre Aiman, Self, Chugiak; Jeanne Sullivan, Self, Wasilla; Lila Jensen, Self, Anchorage; James Macrae, Self, Kasilof; Aaron Benjamin, Self, Talkeetna; Jeannie Pierce, Self, Wasilla; Durainey Rawls, Self, Nikiski; Dale Austermuhl, Self, Fairbanks; Crystal McKenzie, Self, Anchorage; Elizabeth Sweet, Self, North Pole; Ken Seagle, Self, Anchorage; Laura White, Self, North Pole; Kevin Macan, Self, Juneau; Robbie Campbell, Self, Kenai; David Mignon, Self, Anchorage.

SUMMARY

HB 1005 APPROP: PERMANENT FUND DIVIDEND; CBR

HB 1005 was HEARD and HELD in committee for further consideration.

#hb1005

HOUSE BILL NO. 1005

"An Act making special appropriations for the payment of permanent fund dividends; making appropriations under art. IX, sec. 17(c), Constitution of the State of Alaska, from the constitutional budget reserve fund; and providing for an effective date."

[9:01:20 AM](#)

Co-Chair Wilson indicated that for the previous 3 years, the statutory formula had not been followed. During the

time, a percent of market value (POMV) passed the legislature. It provided an annual draw of 5.25 percent of the average balance of the Permanent Fund (PF) which was the average of the first 5 of the previous 6 years. When the legislation passed, the split between government services and dividends was not established. The bill was an attempt to start the conversation. The amount of each payment was based on a 5-year average of the PF performance, and the Permanent Fund Dividend (PFD) was calculated with the following steps. First, funds were added to the statutory net income from the current and previous 4 fiscal years. The amount was multiplied by 21 percent, divided by 50 percent, then divided by the number of eligible applicants.

Vice-Chair Johnston MOVED to ADOPT the proposed committee substitute for HB 1005, Work Draft 31-LS1015\S (Bruce, 5/22/19) (Copy on file).

Representative Sullivan-Leonard OBJECTED. She did not believe the bill was the proper vehicle for the PFD disbursement.

Co-Chair Wilson reported that the committee would review what was in the working document. She referred to version S of HB 1005, Section 1 which appropriated \$1.44 million from the Earnings Reserve Account (ERA) to the dividend fund. Section 2a repaid appropriations from the budget reserve fund to the sub-funds and accounts from which the funds were transferred. Section 2b appropriated \$500 million from the Constitutional Budget Reserve (CBR) fund to the dividend fund. Section 2c allowed borrowing out of the CBR to cover expenditures. Section 3 specified that appropriations made in Section 1 and Section 2b were for the capitalization of the fund and did not lapse. Section 4 contained contingency language in which appropriations made in Section 1 and Section 2b were only enacted into law if the dividend calculations were changed and put into statute (which would require additional legislation). Section 5 specified an effective date of July 1, 2019.

[9:03:46 AM](#)

Co-Chair Wilson invited Mr. Painter to provide further detail on HB 1005.

ALEXEI PAINTER, ANALYST, LEGISLATIVE FINANCE DIVISION, provided a PowerPoint presentation comprised of two bar charts developed by the Legislative Finance Division (copy on file). The first chart on slide 1 showed the PFDs paid over the previous 3 years to the dividends proposed under the formula in HB 1005. In FY 20 there would be a larger dividend. He highlighted that in future years the dividend would be between \$1500 and \$1750. The spikes were due to the volatility in past earnings that caused it to jump around.

Vice-Chair Ortiz understood that the committee was looking at projections for the future based on the passage of HB 1005. He asked if the projection in FY 21 and FY 22 reflected the impact of the amount of reductions in the ERA in lost income. He asked if the numbers reflected the draw.

Mr. Painter replied in the negative. He noted that the bill might not currently reflect the final version of the draw. As structured, it would cause a budget surplus, which he did not think was the intent of the legislature. The chart was simply an illustration of the formula.

Representative Sullivan-Leonard considered the past calculations for the dividend. She asked if the chart showed the actual dividends paid in FY 17, FY 18, and FY 19. She did not think it was a clear depiction of what the dividend should have been with the calculation that was currently in statute. She asked if the figures were available for comparison. Mr. Painter replied he could provide the figures.

[9:06:42 AM](#)

Vice-Chair Johnston asked if he could approximate the full dividends and the cost of the funds to the ERA going backwards. Mr. Painter did not recall the calculations off the top of his head.

Vice-Chair Johnston asked for further follow-up to the committee to see the loss of earnings reflected by full dividends.

Co-Chair Wilson added that her office would work with LFD to get the information to committee members.

Mr. Painter turned to the chart on slide 2 which showed the projected balance of the PF principal and the ERA if the POMV draw was followed without any draws above the amount. It would grow with inflation going forward.

Vice-Chair Johnston requested an additional slide in the future showing the royalty deposits compared to the current ERA. Mr. Painter asked Vice-Chair Johnston if she was wanting the information from the inception of the fund. Vice-Chair Johnston responded, "Yes."

Representative Josephson asked if the slide reflected what was projected under SB 26 [Legislation passed in 2018 regarding the appropriation limit, the Permanent Fund, the dividend, and the ERA] without adjustment. Mr. Painter replied in the affirmative.

Representative Wilson reminded members that there was an objection on the motion.

Representative Sullivan-Leonard MAINTAINED her OBJECTION.

Representative Josephson asked for a brief explanation of changes.

9:09:34 AM

AT EASE

9:10:13 AM

RECONVENED

Co-Chair Wilson reviewed the changes in the work draft. There were changes made in the contingency language on page 2, Section 4, line 19 to reflect a POMV and an automatic transfer from the ERA. She referred to page 2, line 21 indicating the word "transfer" was deleted, and the word "appropriation" was inserted. She pointed to line 22 in which "earnings reserve" was deleted and "general fund" was inserted. She explained that the change reflected an automatic transfer which helped the legislature stay within the POMV and not taking extra distributions. Next, she referred to line 23 in which "AS 37.13.140" was deleted and "AS 37.13.140(a)" was inserted and where the calculation of the PFD could be found. She explained that AS 37.13.140(b) was the POMV calculation. She clarified that the committee was not voting to pass the bill out. Rather, the committee

was voting to put version S before the committee as the working document.

Co-Chair Wilson indicated her intent to keep public testimony open to allow everyone to speak to the bill.

Representative Josephson asked for verification that the motion would spend about \$700 million or \$800 million less than the original version. He thought that was the impact.

Co-Chair Wilson replied that the bill would fully fund a \$3,000 dividend with a portion from the ERA and a portion from the CBR. The change was to avoid taking any more out of the highest producing account. The Constitutional Budget Reserve made about 2 percent versus the ERA which made anywhere from 6 percent to 9 percent. The bill funded a full PFD for the current year.

Representative Sullivan-Leonard MAINTAINED her OBJECTION.

A roll call vote was taken on the motion.

IN FAVOR: Ortiz, Josephson, Johnston, Knopp, LeBon, Foster, Wilson

OPPOSED: Sullivan-Leonard, Tilton, Merrick

The MOTION PASSED (7/3).

Representative Carpenter was absent from the vote.

[9:13:21 AM](#)

Co-Chair Wilson OPENED public testimony.

MELODY MCCULLOUGH, SELF, WASILLA (via teleconference), spoke in opposition to HB 1005. She did not want any change to the PFD. She supported a full PFD payout. She thought Alaskans were tired of having their money taken away. She used her PFDs to support her grandchildren which helped significantly. She also used the monies to pay her fuel bills. She was in support of HB 1002. She urged members to listen to their governor.

[9:17:06 AM](#)

ROBBI DOUGLAS, SELF, NORTH POLE (via teleconference), did not support cutting the PFD. She relayed the definition of

theft. She stressed that the value of the dollar was relative to how many a person had. She could not compete with a lobbyist that made \$1 million per year. She stated that paybacks were horrible if a person was on the wrong end. She supported the governor. She thought there were ramifications for stealing what did not belong to another person.

[9:18:54 AM](#)

CHRIS EICHENLAUB, SELF, EAGLE RIVER (via teleconference), spoke in opposition to HB 1005. He thought the legislature was breaking the law when it reduced dividends. He stated the PFD formula had been working for 40 years, he did not want a change. He mentioned a recall effort which he believed was akin to awakening a sleeping giant. He thought the actions of the legislature were dishonorable. He wanted the legislature to honor its agreements.

[9:20:57 AM](#)

LINDA TIMOTHY WOOD, SELF, PALMER (via teleconference), testified in opposition to the bill. She encouraged members to remove sections 2, 3, and 4 of the bill. She thought the legislature should listen to the people of Alaska. She thanked members for the opportunity to speak.

[9:21:59 AM](#)

JAMES SQUYRES, SELF, RURAL DELTANA (via teleconference), spoke against HB 1005. He supported a full PFD under the current statute. He believed the legislature had broken the law in the previous 3 years. He questioned whether the bill was a legally committee-sponsored bill. He made reference to an Alaska statute. He thought the footprint of government was too large. He believed the structure would quickly outgrow the Band-Aid the legislature was trying to apply. He supported a full PFD and thought that the issue should be placed before the people of Alaska for a vote.

[9:22:54 AM](#)

ED MARTIN JR., SELF, COOPER LANDING (via teleconference), testified against the bill. He stated that his father had worked hard to get a vote on the ballot in 1999. At the time 83 percent of the people did not want their dividend touched. He opined that times had changed. However, the

money in the ERA belonged to the people created by the investment of 25 percent of the mineral wealth in the state. It was set aside for the Permanent Fund to invest and return a dividend to the people. He stressed that the CBR was not crafted to pay out PFDs. He thought the legislature's failure to follow the state statutes had led to an either-or situation. He asked the legislature to start following the law. He made reference to an article in the Anchorage Daily News. He stated the will of the people would show up sooner or later. He stated that too many people depended on the PFD.

Co-Chair Wilson clarified that the article in the Anchorage Daily News described what the bill did. It did not state that a person would not receive a full PFD. In the bill a person would receive a full PFD because it would follow statute. The bill in its current form would change the statute which would dictate the new amount.

[9:26:07 AM](#)

DAVE MAXWELL, SELF, PALMER (via teleconference), opposed to HB 1005. He stated that if the legislature did not get its job done, residents in Palmer looked forward to the legislature coming to Mat-Su to be in the room. He spoke in support of the governor. He wanted to obligate the legislature to support what the people of the state wanted. He did not believe the legislature was coming up with good, solid options. He wanted to go back to HB 1002 and did not support HB 1005. He encouraged members to get their job done.

Co-Chair Wilson asked testifiers to stick to the bill subject.

[9:29:23 AM](#)

BERT HOUGHTALING, SELF, BIG LAKE (via teleconference), did not support the bill. He did not support the claim that the bill was best for all Alaskans. He thought the bill was deceptive, as it would provide a full PFD for the first year, but would decrease the amount each year after the first. He wanted to see the Permanent Fund protected in the constitution, the formula to stay the same, and the legislature to keep its hands off the PFD. He wanted to see the budget further reduced. He referenced Kaktovik, Alaska as an example of a location that was trying to get Alaska

National Wildlife Refuge (ANWR) open to have their own oil revenues. He thought the town of Kaktovik was admitting to living off of government handouts. He did not support taking money from the CBR and the ERA to pay the PFD. He thought the legislature was not following statute. He supported HB 1002, HB 1003, and HB 1004.

[9:32:00 AM](#)

MIKE COONS, PRESIDENT, GREATER ALASKAN AMAC ACTION, PALMER (via teleconference), testified in opposition to the bill. He stated that the PFD was paid out of the ERA. He strongly argued against paying the PFDs from the CBR. He asked the legislature to maintain the CBR for emergency use as it was intended. He stressed that the legislature needed to follow the rules. He did not support remarks made by Co-Chair Wilson related to the past PFD under the Walker Administration justifying the reduction. He hoped the governor would veto the bill, as it violated statute. He asked the committee to fully fund the PFD solely from the ERA. He supported the removal of Section 2 of the bill and any other language in Section 3 and Section 4 that were related to Section 2. He also wanted changes made to Section 1 that would provide a full PFD appropriation. Additionally, he supported HB 1001 and HB 1002, the governor's bill.

[9:34:23 AM](#)

MIKE ALEXANDER, SELF, BIG LAKE (via teleconference), opposed the bill. He voted for Mike Dunleavy, no taxes, a full PFD, getting retroactive PFD monies, and a budget reduction of \$1.6 billion. He considered the bill to be a bait-and-switch effort. He did not understand how the legislature could think most Alaskans were unintelligent. He thought the legislature was stealing from Alaskans including future generations.

[9:35:42 AM](#)

KIM NELSON, SELF, FAIRBANKS (via teleconference), did not support the bill. However, he supported HB 1001 and HB 1002. He believed HB 1005 was a bait-and-switch bill. He thanked members for their time.

[9:36:47 AM](#)

Co-Chair Wilson clarified the correct email addresses where written testimony could be sent.

[9:37:04 AM](#)

BERNARD CAMPBELL, SELF, WASILLA (via teleconference), opposed HB 1005. He expressed his disappointment in Senator Wilson referring to a previous conversation with him. He suggested that if government officials thought money was available, they were entitled to it. He stressed there was a ballot box which people would use to express their disapproval. He restated his opposition to the bill.

[9:38:36 AM](#)

Co-Chair Wilson believed Mr. Campbell was referring to Senator Wilson who was not present at the meeting, as it was a meeting of the House Finance Committee. She wanted to ensure that words were not being put in the mouth of a senator.

[9:38:57 AM](#)

JOE GELDHOF, AK PERMANENT FUND DEFENDERS, JUNEAU, shared that the group included Clem Tillion, Jack Hickel, Juanita Cassellius, and Rick Halford. He did not believe the committee members were diabolical or engaged in treachery. He did not believe any of the members lacked honor. He understood they were between a rock and a hard place. Some of the hard places had been created by past actions of the legislature. Some rocks existed because some legislators refused to accept the idea that there were other tools for building a sustainable budget. He posed the question as to what to do when between a rock and a hard place. He reported that the Permanent Fund Defenders were absolutely committed to protecting the Permanent Fund and to having a full PFD. However, given the political and financial realities that legislators faced, it was difficult. He had a couple of recommendations. First, he did not think HB 1005 was acceptable because it took funds from the CBR. He thought the public would view the idea as gimmicky and unacceptable. There were very high expectations of receiving the full statutory dividend. He thought what the legislature should do, pointing to the red bars in the chart, was not in the bill. He suggested transferring a very large portion of the funds in the ERA to the corpus, or trust, of the Permanent Fund. Second, he suggested the

legislature should pay the full PFD for the current year. He indicated that what the legislature did in the outyears would be a matter of excruciatingly political choice. He reiterated that paying the full PFD in the current year and transferring a large sum from the ERA to the corpus of the Permanent Fund made sense presently and for future generations. The Permanent Fund Defenders believed that the formula for paying the Permanent Fund should be placed in the constitution. He continued that putting it in statute as the measure did in the bill would not be liked by the public. It would be vetoed by the government or rejected through the referendum process. He understood what the legislature was trying to do. However, it was a "dog that won't hunt." He urged members to reduce the red bars by moving the lion's share of the ERA into the Permanent Fund and pay the full PFD in the current year. He reminded members of their constitutional obligation to pass a budget.

[9:42:53 AM](#)

Co-Chair Wilson clarified that CBR funds had been utilized in the bill because, unlike in other years, when the percent of market value (POMV) was passed, 5.25 percent had already come out of the ERA. Normally the draw would not have happened until an operating budget was passed. Presently, the state had to look for other funding to ensure there was enough money for operating costs and the dividend.

Vice-Chair Johnston pointed out that often the term Permanent Fund Dividend and the Permanent Fund were used interchangeably. She posed a clarifying question to Mr. Geldof. She asked if he wanted a constitutional amendment that placed the POMV in the constitution.

Mr. Geldhof answered that the Permanent Fund Defenders was an organization that protected the Permanent Fund and the Permanent Fund Dividend. The position of the organization was that the existing statutory formula that contemplated the payout based on a 5-year rolling average was the provision that should be embodied in the Alaska Constitution.

Vice-Chair Johnston asked if he was saying the current formula should be in the constitution.

Mr. Geldhof answered in the affirmative. The formula had endured for 40 years and had resulted in huge benefits to the state's economy and to individuals. It had lifted people out of poverty. The organization thought it was worth continuing. He understood there were enormous pressures on all legislators to fund the budget and, the money had to come from somewhere. The legislature had run through almost all of the money in the CBR and the Statutory Budget Reserve (SBR). The ERA was presently the target.

[9:45:46 AM](#)

Vice-Chair Johnston thought she was getting a mixed signal. She suggested that in Mr. Geldof's scenario there might not be enough funds in the ERA to fully fund the dividend. She asked how he would deal with the situation.

Mr. Geldhof answered that it was the firm belief of the Permanent Fund Defenders that the funds in the ERA and the Permanent Fund were funds belonging to the public and were funds derived from the decision collectively made to put 25 percent of the funds into a reserve or trust fund. In the sense that the citizens received a dividend, the organization's position was that it should flow. There was no guarantee that the people of Alaska would receive any amount. If the state experienced 6 consecutive years of bad market performance, the citizens of Alaska would not receive a PFD. Everyone shared in the formula. He suggested that in no way should citizens mandate a guaranteed income. He reiterated they were talking about a public wealth - when the markets did well, the citizens also did well. There had been a couple of occasions where the state went through difficult economic times and citizens had to tighten their belts.

Vice-Chair Johnston stated she had seen posts and discussions about people having a sovereign right to receive a dividend. She asked if he could provide clarification.

Mr. Geldhof assumed she was speaking about an individual. He asked if he was correct.

Vice-Chair Johnston affirmed. The statement confused her from a legal aspect. She commented that a sovereign meant

there was a king and queen. She asked Mr. Geldof if he was an attorney.

Mr. Geldof confirmed he was an attorney.

Vice-Chair Johnston asked him to define "sovereign right" as it pertained to the PFD.

Mr. Geldhof believed that the term came from a person who had spent too much time on the internet. He suggested that there were high expectations of receiving a PFD. There had been a recent frenzy whipped up directed at legislators to fulfill. He suggested that to fulfill the expectation, the legislature needed to embody a formula in the constitution that worked for Alaska's citizens and state government. It would help to avoid an annual fight and threats about the consequences of not fulfilling what the people wanted. He suggested that legislators were working in a rugged environment. He appreciated all of the people involved in the organization. The provision in the bill presently with the contingencies would further alienate and confuse the public. He thought some hard choices would have to be made. It was difficult because the chief executive had taken a major tool away. The legislature was stuck with taking money out of the Permanent Fund or making massive cuts. He reiterated the need to move as much of the money in the ERA into the corpus of the Permanent Fund, because then the money was truly safe. The only other thing the legislature would have to worry about was making sure the corporation was properly inflation-proofing the fund.

[9:50:28 AM](#)

Co-Chair Wilson reminded members the testifier was not on the witness stand.

Representative Knopp thank the testifier for his testimony. He reported that there were 2 bills being vetted that would transfer either 8 billion or 12 billion into the corpus. He thought there was agreement that monies needed to be moved to the trust. He acknowledged Mr. Geldof's comments about paying out a full dividend would be adhering to a full dividend. He provided some background around the Permanent Fund Dividend formula. He thought the Permanent Fund Defenders had to acknowledge that when the legislature passed SB 26, there was going to be a need to change the

formula. It sounded as if the organization was acknowledging the need for a new formula.

Mr. Geldhof replied that the issues surrounding the formula were multiple. People had asked the organization numerous times what its position was on the POMV. He suggested that because the public was familiar with the existing statute and because the formula had worked for so long, the organization had taken the position that the formula needed to be placed inside the constitution. There was a trust issue, not related to a particular legislator. However, the public, after the Wielechowski case, understood that unless the formula was placed into the constitution, it would always be up for grabs.

Mr. Geldhof continued that the trouble with the POMV was that if it was more than about 4.125 or 4.2 percent in a 100-year cycle, it would be unsustainable. He commented that 5.25 percent might look good right now, but at some point, it would not work. It was recommended to build a POMV on a 100-year average rather than a 10-year average. If a POMV was going to be used, the percentage would need to be closer to 4 percent. The split on 4 percent could be debated thereafter. He reiterated that the public had a lack of trust with there being no permanency in the formula. Having the formula in statute was not enough to satisfy the public, as statutory law could be easily changed. He advised the committee to pass a budget, pay a full dividend, and put a large sum of money into the corpus of the Permanent Fund.

Co-Chair Wilson reminded members the discussion was about HB 1005. She thought the discussion was good.

[9:56:55 AM](#)

Representative Josephson was disappointed. He had worked with Mr. Geldhof on cruise ship reform that they had both opposed. He did not think the group had added much to the discussion because they were not offering a solution. He asked why he was more concerned about a \$40 million cut to the Alaska State Ferry System than Mr. Geldhof seemed to be. His question was rhetorical.

Co-Chair Wilson clarified Representative Josephson was going off topic. She stated that Mr. Geldhof had offered the solution of maintaining the current PFD statute and

transferring a large sum of \$10 billion to \$12 billion from the ERA to the corpus of the Permanent Fund. She did not think that a person could read within his testimony what he felt was or was not important in the operating budget. She directed Representative Josephson to limit his questions to HB 1005.

Representative Josephson commented that the most conservative body in the building could only cut \$200 million. The state needed to cut an additional \$1.4 billion. He asked Mr. Geldhof what he would cut.

Co-Chair Wilson clarified that Representative's question did not pertain to HB 1005.

Representative Josephson thought his question was valid because Mr. Geldhof wanted the legislature to fully fund the dividend. He wanted to know how Mr. Geldhof would fully fund a dividend.

Co-Chair Wilson indicated the question did not pertain to the current bill being addressed. They could have a discussion outside of the committee meeting.

Mr. Geldhof thanked the committee.

Vice-Chair Ortiz asked for verification that Mr. Geldhof was not supportive of the bill in its current form.

Mr. Geldhof affirmed.

Vice-Chair Ortiz noted that his testimony encouraged the legislature to payout the full PFD under the formula and pass a budget. He wondered if his suggestion was to include the PFD as part of the budget.

Mr. Geldhof replied that the legislature had some interesting strategic and tactical choices to make. There was agreement that moving large sums from the ERA into the trust was a savvy financial move and sound political move. Passing a budget with or without a capital budget or the allocation for the Permanent Fund Dividend at whatever level was a separate question. He recommended giving thought to enacting an operating budget without a Capital Budget and without the Permanent Fund Dividend deferring those items until the governor had gone through the veto process. The landscape would clear up significantly by

doing what the legislature was constitutionally required to do - to pass an operating budget that included moving a large sum from the ERA to the Permanent Fund corpus.

[10:01:31 AM](#)

Vice-Chair Ortiz joined Representative Knopp in his belief that it would be a good thing to put a substantial portion of the ERA into the principal. He asked if moving a large sum into the corpus left the legislature in a position where it was unable to pay out a full PFD the following year.

Mr. Geldhof acknowledged the potential, similar to the possibility of not having enough money if the markets were to tank. The calculus was whether the citizens of Alaska would understand that the legislature placed money, otherwise accessible through a majority vote, into trust. He believed the public would like the move. He also believed they understood that by transferring the funds, there might be a risk of a guaranteed PFD payout. On balance, he thought they would understand. He urged members to stop eyeing the ERA and lock it up. The risk of being shorted on a dividend by putting money into trust would be understood. Whereas, the public would be angry if there were short funds and the legislature deflected a large portion of the ERA monies out of their shortened PFD and into things they did not consider valuable whether that was ferry services, social workers, or paved roads. He argued that there was no downside to moving money into the corpus.

Co-Chair Wilson thanked Mr. Geldhof for the conversation.

[10:04:59 AM](#)

BONNIE THUMMA, SELF, FAIRBANKS (via teleconference), asked about HB 1005. She understood that a full dividend would be paid out the first year. She wondered what the payout would be in the outyears.

Co-Chair Wilson pointed to contingency language on page 2, lines 19-22. The language reflected a change of the dividend fund of an amount equal to 25 percent of the income available for distribution. In other words, it would follow the current statute for the first year but would change the formula in the out years. In order to make the

change, another bill would also have to be enacted changing the formula.

Ms. Thumma opposed HB 1005. She fully supported the original formulation for the dividend. She asked members to honor Alaskan citizens. Many relied heavily on the PFD helping with the high cost of living in Alaska and particularly in Alaskan villages. She thanked the committee.

[10:07:38 AM](#)

PAULA GALLAGHER, SELF, HOMER (via teleconference), strongly opposed HB 1005. She thought the bill was disgraceful. She asserted that the people had already spoken with their vote for Governor Dunleavy. She offered her support for HB 1002. She expected the legislature to do its job. She thought it was the little people who typically got hurt. She thanked the committee for its time.

Co-Chair Wilson noted that Representative Sarah Vance was present in the room.

[10:08:43 AM](#)

ADAM HYKES, SELF, HOMER (via teleconference), did not support HB 1005. He supported HB 1002, HB 1003, and HB 1004. He believed that ownership of resources shared in common, above or below ground, belonged to the people of Alaska. He supported the governor's proposal for a full PFD as well as payment for prior PFDs. He advocated for a restoration of trust between citizens and legislators. He believed it was the legislature's job to defend and promote the general welfare of the public. However, it did not mean providing for the general welfare of the people. Alaskans could take care of themselves just fine.

[10:10:19 AM](#)

ROXANNE LESTER, SELF, FAIRBANKS (via teleconference), spoke in opposition to HB 1005. She believed government, rather than the PFD, should be reduced. She wanted to see a full PFD restored. She urged members to do what was right for the people of Alaska. She argued that the formula had worked for the last 40 years and did not need to be changed. She commented that people were hurting because of the PFD reduction which was reflected in Alaska's economy.

[10:11:13 AM](#)

RANDY GRIFFIN, SELF, FAIRBANKS (via teleconference), indicated he would support HB 1005 under certain conditions. He really supported a PFD that fit within an honest and sustainable budget. He wanted to see the operating budget, the capital budget, and the PFD combined to match sustainable honest revenues. He suggested that the more the budget was trimmed, the larger the PFD could be. He did not believe the PFD should exceed a balanced budget. He was a blue-collar worker and could use the PFD. However, over the previous 4 years, he had donated his PFD checks back to state government. He would be doing the same thing in 2019 unless there was a balanced budget. He reported that if a private company had a loss, they would not give out a dividend. If a company experienced a surplus, they might give out a dividend. He thought the government should follow the same example. He supported HB 1005 under the condition that there is a sustainable balanced budget. He strongly believed that the state should not exceed the draw limit of 5.25 percent, as it was not sustainable. He did not want to see the limit of ERA spending violated. He suggested that the only other legal place to draw funds was from the CBR. He did not think dipping into savings was a good idea, but at least the source was an honest one. He reiterated his support for the bill. He advocated for a sliding scale for the PFD distribution. He thanked the committee.

[10:14:57 AM](#)

JAMES WALSH, SELF, KASILOF (via teleconference), spoke against HB 1005. He advocated for HB 1002, the full payout of the PFD. He did not support anything less than the full statutory amount required by law. He thanked the committee for taking his comments.

[10:15:44 AM](#)

DEBORAH HOLLAND, SELF, ANCHORAGE (via teleconference), spoke against HB 1005. She read a portion from Jay Hammond's book, Diapering the Devil:

"I believe the best, perhaps the only way, to meet our constitutional mandate to manage our natural resources for the maximum benefit of all the people was to grant

each citizen an owner's share of Alaska's resource wealth to be used as they, not the government, felt was for their maximum benefit. To accomplish this objective, I propose that 50 percent of all mineral lease bonuses, royalties, and severance taxes be deposited into a conservatively managed investment account each year. One half of the account's earnings would be dispersed among Alaskan residents, each of whom would receive annually one share of dividend earning stock. The other half of the earnings would be use for essential government services."

Ms. Holland read more from Governor Hammond's book:

"Our greatest challenge with the Permanent Fund and a fiscal plan was assuring that each provides a maximum benefit for all Alaskans, not simply a favored few at a cost to the many. That is a hard goal to cross with so many hands outstretched in hopes of receiving a slice of the pie."

Ms. Holland was calling because she did not support HB 1005. However, she supported Governor Dunleavy's bills, HB 1001 and HB 1002. She urged members to stop thinking of the Permanent Fund as their private banking account.

[10:17:42 AM](#)

DAVID HURN, SELF, WASILLA (via teleconference), opposed HB 1005. He supported HB 1002. He believed the citizens of Alaska had spoken when they elected Governor Dunleavy. He thought that legislators were not doing their jobs. He did not approve of the Socialist propaganda surrounding the PFD. He urged members to follow the law that was put in place 30 years prior. He accused members of breaking the law by stealing the PFD from Alaskans for 3 consecutive years. He wanted to see the people's money returned.

[10:19:02 AM](#)

PATTRICE ILLGUTH, SELF, NORTH POLE (via teleconference), opposed HB 1005. She believed the state budget should be reduced and that Alaskans should live on a budget too. She thought state government should be held to the same standard of having to live within a budget. She appreciated the opportunity to testify.

[10:19:38 AM](#)

GARY MCDONALD, SELF, ANCHORAGE (via teleconference), did not support HB 1005. He wanted the PFD left alone. He encouraged the legislature to make additional cuts. He agreed with the terminology used by a previous testifier. He was tired of the legislature attempting to change the dividend.

[10:20:51 AM](#)

RONALD SEAMAN, SELF, KODIAK (via teleconference), spoke in opposition of HB 1005. He was a disabled deckhand and Veteran. He needed a full PFD, as it helped him financially to get through each winter. He thought if the dividend check and the formula were to be changed, it should be done by the vote of the people. He thanked the committee.

[10:21:27 AM](#)

THOMAS GRIFFITH, SELF, SALCHA (via teleconference), did not support HB 1005. He had been a resident of Alaska since 1980. He, like other people had mentioned, had put his PFD to good use. He shared that his son had put himself through college. He was now a productive citizen in the medical field in Anchorage. He wanted the PFD left the way the law was written. He supported HB 1002 and wanted the formula to stay as it was. He wanted the payout to come from the ERA rather than the CBR. He used the PFD for building his home and for buying car tires in the winter. He disagreed with the notion that the PFD was a government handout. It was not a government welfare program. It was the way the founders dispersed Alaska's mineral wealth to the citizens of the state. He stated it was no one's business to weigh in on how people spent their PFDs. He was counting on the PFD for some of his retirement income. He thought the legislature needed to listen to its constituents. He had voted for the governor, as did 75 percent of voters. Alaskans wanted fiscally responsible spending in the state. He thought the state should curtail its spending. He thanked the committee.

[10:24:51 AM](#)

Co-Chair Wilson addressed the proposal to take \$500 million from the CBR. There was an anticipated surplus of \$600 million that would go into the CBR.

[10:25:19 AM](#)

GAIL LIMBAUGH MOORE, SELF, SOLDOTNA (via teleconference), testified in opposition to HB 1005. She fully supported HB 1002. She wanted a full PFD payout with no future cut.

[10:25:41 AM](#)

BEN BRITTEN, SELF, FAIRBANKS (via teleconference), testified against HB 1005 and in favor of HB 1002. He thanked the committee.

[10:26:03 AM](#)

TANYA KITKA, SELF, KODIAK (via teleconference), strongly opposed HB 1005. She supported HB 1002, 1003, and 1004. She wanted to see citizens paid a full PFD and paid back the amount taken from Alaskans over the past few years. She also wanted the formula kept intact. She stated in the previous year the legislature changed the statutory formula to the 5 percent POMV formula. She asked if she was accurate.

Co-Chair Wilson replied in the negative. She answered that the formula remained in place and in a different section there was a POMV draw of 5.25 percent. The two were not connected.

Ms. Kitka appreciated the clarification. She wanted to keep the statutory formula in place where 50 percent of the earnings went to paying the PFD over an average of 5 years, and the other 50 percent went to help pay for government services. She reported that her kids had a substantial college savings. Her 17-year old was getting ready to go away to college and the fund would help her on her way. Her 5-year-old would not likely benefit as much. She hoped to see the formula put into the constitution. She suggested that if the formula was not put into the constitution it would remain a political sticking point for years to come. She thought the formula should be taken out of the mix of debate. She had heard about the Supreme Court ruling. Although it passed, she wondered if it was morally right. There had been a significant amount of anger expressed

during public testimony. She was getting tired of having to call in to testify. She wanted to see an end to the issue. She appreciated the members' consideration in the matter.

Co-Chair Wilson reminded testifiers that the committee would hear further testimony at 5:00 p.m.

10:29:24 AM

PAUL RUGLOSKI, SELF, HOMER (via teleconference), testified against HB 1005. He was tired of revisiting the issue. He fully supported the governor and thought the legislature should follow suit. He wanted a full PFD. He thought how the PFD would be funded in the future was a separate matter. He wanted the statutory formula in the constitution leaving any changes up to the vote of the people. He supported the position of Representative Vance and Senator Mike Shower. He strongly encouraged the committee to follow the governor's recommendation.

10:31:23 AM

STEPHEN DUPLANTIS, SELF, ANCHORAGE (via teleconference), opposed HB 1005. As he understood it, the PFD was a payout for the mineral rights on his land. Representative Johnston had asked whether it was a sovereign right that Alaskan's receive a payout. He wondered where the government's right was to take hold of the people's mineral rights. He thought the point of the PFD was to give Alaskans a share of the state's resources. He mentioned property taxes were going up in Anchorage. He thought the legislature needed to rethink the issue. He believed the legislature should listen to the people and encouraged additional cuts to the state budget. He supported the governor.

10:33:42 AM

WILLIAM TOPEL, SELF, ANCHORAGE (via teleconference), opposed HB 1005. He thought it was a bait-and-switch scheme rather than paying a full PFD each year. He urged members to stop their support for HB 1005 and redirect their support to HB 1002. He thought the legislature needed to pay a full PFD annually as authorized by Alaska law. He referred to his previous written testimony dated March 24, 2019 for further insights as to why the continued capping of Alaskans' PFDs was more detrimental to Alaska's economy

than other forms of taxation. He asked members to vote no on HB 1005 and yes on HB 1002.

[10:35:23 AM](#)

TERESA STORCH, SELF, KODIAK (via teleconference), spoke in opposition to HB 1005. She thought the bill was essentially to help bail out the oil companies for unconscionable actions and bad business practices. She felt that the oil companies had the State of Alaska over a barrel. She did not support PFD cuts. She stressed that the middle class was disappearing. She shared that the PFD was critical for individuals raising children in rural Alaska. She thought many people were leaving the state. She referenced individuals considering how they were going to make it due to cuts. She wondered if the idea was to have only wealthy people in the state.

[10:38:40 AM](#)

ABBY ST. CLAIR, SELF, WASILLA (via teleconference), opposed HB 1005 because it changed future statutory calculations from 50 percent of the income available to 25 percent as written in Section 4 of the bill. She shared that many Alaskans were on a fixed income and relied on the PFD. She asked for the removal of Section 4 to keep the formula at 50 percent.

[10:40:02 AM](#)

JENNIE KATCHATAG, SELF, UNALAKEET (via teleconference), testified in opposition of B 1005. She supported a full PFD. She thought the legislature should put the people first. She supported HB 1002. She thought the legislature was trying to steal money from future generations.

[10:41:28 AM](#)

DIANE MACRAE, SELF, ANCHORAGE (via teleconference), opposed HB 1005. She supported HB 1002. She thought the legislature wanted to take money from the PFD to cover increased state spending. She shared personal information about medical costs. She supported the governor and wanted to cut the waste. She often spent the PFD on her husband's medical needs. She did not support socialized medicine. She wanted a smaller, respectful government. She supported putting the PFD formula in the constitution.

[10:44:28 AM](#)

ANNA WALTERS, SELF, ANCHORAGE (via teleconference), testified in opposition to HB 1005. The Permanent Fund Dividend was used for things like fuel to enable hunting for food. She was against the proposed change to the formula. She thanked members for the chance to provide her testimony.

[10:45:27 AM](#)

GARET ABBOT, SELF, KETCHIKAN (via teleconference), did not support the legislation. He believed a cap on the PFD was essentially a regressive and unfair tax on Alaskans. He was opposed to the proposed statutory changes to the dividend formula. He urged the legislature to fully restore the PFD and sever the PFD from the state budget process altogether.

[10:46:54 AM](#)

AMONTE WALLACE, SELF, ANCHORAGE (via teleconference), testified against HB 1005. She had been a resident of Alaska since 1980. She spoke to the effectiveness of the PFD formula in use for over 40 years. She supported HB 1002. She supported the governor and wanted a full PFD. She encouraged the legislature to cut the budget and avoid another special session. She urged members to support HB 1002.

[10:48:27 AM](#)

FRANCES BENNETT, SELF, ANCHORAGE (via teleconference), did not support the bill. She thought the legislature should start making the hard decisions about cutting programs. She was aware the choices would be difficult but necessary. She noted the legislature had spent \$14 billion from the CBR in the last number of years and believed it was time to make the tough decisions. She thanked the committee.

[10:49:59 AM](#)

LORRAINE ERGNATY, SELF, WASILLA (via teleconference), opposed HB 1005 and supported HB 1002. She had children with college loans that needed to be paid. She hoped the legislature would do the right thing.

[10:50:51 AM](#)

GORDON JOHNSON, SELF, JUNEAU (via teleconference), spoke in opposition of HB 1005. He supported HB 1002. He voted for Governor Dunleavy to protect the PFD and to enact fiscal responsibility.

[10:51:31 AM](#)

MAYNARD WILLBURN, SELF, CRAIG (via teleconference), testified against HB 1005. He thought the bill would allow the legislature to overfund the budget. He supported HB 1002, HB 1003, and HB 1004 - bills that would protect the Permanent Fund. He supported the governor and his effort to maintain a full PFD payout. He asked about the actions of Governor Walker around the PFD.

Co-Chair Wilson replied that in the first two years the money that had not been paid out was kept in the ERA and in the third year it had been spent on government services.

Mr. Willburn continued that he wanted the Permanent Fund protected. He thanked the committee.

[10:54:42 AM](#)

SALLY JOHNSON, SELF, PALMER (via teleconference), opposed HB 1005. She thought it was not for legislators to be considering. She stressed it was the people's money. She supported cuts to the budget, not the PFD. She supported protecting the PFD in the constitution. She supported HB 1002. She did not like having to call over and over to testify on the same point. She thought there was a significant amount of government waste.

[10:55:54 AM](#)

TIMOTHY INGRAHAM, SELF, NORTH POLE (via teleconference), was against the bill. He wanted a full PFD. He did not support putting money into the hands of the legislature. He strongly supported HB 1002.

[10:57:30 AM](#)

ANTOINETTE BRADLEY, SELF, WASILLA (via teleconference), opposed the legislation. She did not support any bill that would steal from Alaskans. She supported cuts to the budget

and thought the legislature had wasted millions of dollars. She did not believe the legislature was listening to the people. She did not trust the legislature. She asked the legislature to restore the PFD that had been stolen by the former administration. She thought the legislature was wasting the public's time.

[10:59:03 AM](#)

DARYL SCHIERHOLT, SELF, WASILLA (via teleconference), opposed HB 1005. He wanted the PFD left alone. He urged members to support the governor. He asked the legislature to do its job and cut the budget. He did not appreciate having to call in multiple times on the same issue.

[11:00:06 AM](#)

LLOYD DAN HOLLINGSWORTH, SELF, ANCHORAGE (via teleconference), spoke against HB 1005. However, he supported HB 1002. He thought the legislature should learn how to run a business and become familiar with the concept of not spending money it did not have. He provided an example of excessive spending - a sewer project in Ugashik that served only 12 people requiring regular maintenance. He did not think a sewer system for 12 people was necessary. He reiterated his opposition to HB 1005. He urged members to spend money wisely.

[11:01:29 AM](#)

EDWARD BIAS, SELF, PALMER (via teleconference), did not support HB 1005. He indicated Alaskans voted for Mike Dunleavy for a reason. He was in full support of HB 1002.

[11:02:18 AM](#)

KELLEY CIZEK, SELF, SOLDOTNA (via teleconference), opposed HB 1005. She asked when the public could call in to testify on HB 1002.

Co-Chair Wilson clarified that HB 1002 was not currently before the House Finance Committee. The bill was currently before the House State Affairs Committee.

Ms. Cizek asked when the bill would be heard in the House Finance committee.

Co-Chair Wilson replied that once the House Finance Committee received the bill a hearing would be noticed.

Ms. Cizek asked if the current bill had gone before other committees.

Co-Chair Wilson responded that the Speaker of the House assigned committees for each bill. She invited Ms. Cizek to offer her testimony on HB 1005.

Ms. Cizek was opposed to HB 1005. She did not appreciate having to call in multiple times on the same issue. She thought the session allowed the legislature to circumvent the normal process. She thought the current process was sneaky. She did not have confidence the legislature would vote the way the people wanted. She thought they were trying to take Alaskans' money by taking their PFDs. She reiterated her frustration with having to be on hold for more than 1.5 hours.

[11:06:00 AM](#)

VIKKI JO KENNEDY, SELF, JUNEAU, did not support funding the Alaska Aerospace Corporation. She did not support taking money from the PFD. She was opposed to HB 1005. She fully supported Representative Vance's legislation [HB 1002]. She urged members to get their job done and to protect the people's PFDs.

[11:08:46 AM](#)

Co-Chair Wilson clarified that the Alaska Aerospace Corporation did not have any funding in the current budget.

Ms. Kennedy thought it was on page 25 of HB 39.

[11:09:19 AM](#)

GREG COLLINS, SELF, HOMER (via teleconference), voiced his strong opposition to HB 1005. He believed members of the legislature thought they knew how to spend his money better than he did. He was a small business person. He spoke of the benefits to the economy resulting from the PFD. Many people benefited from receiving their PFD. He advocated that Alaskans should be allowed to spend their money as they saw fit. He strongly opposed HB 1005.

[11:11:14 AM](#)

JAMES GENTRY, SELF, ANCHORAGE (via teleconference), opposed HB 1005. He was a disabled Veteran and really counted on his PFD check every year. He supported HB 1002 and wanted to see the original formula placed into the Alaska Constitution. He did not appreciate having to be on hold for so long. He urged members to leave the PFD alone and to cut the budget.

[11:12:11 AM](#)

COLIWITICHEC GENTRY, SELF, ANCHORAGE (via teleconference), spoke in opposition to HB 1005. She supported Governor Dunleavy. She wanted the PFD formula placed into the Alaska Constitution so that legislators could not make changes to it without the voice of the people.

[11:13:09 AM](#)

KIMBERLY CLARK-THIRY, SELF, ANCHOR POINT (via teleconference), was strongly against HB 1005. She was tired of having to call in to testify on the issue. She did not support taking the PFD away from the people and using it to fund the government budget. It was her understanding that the PFD was not part of the budget. She asked what would happen when the PFD was gone. She stressed that the people were tired of representatives ignoring what they were saying. She asked the legislature to do the will of the people and pay a full PFD. She also wanted the legislature to pay back past PFDs and to place the formula into the constitution. She urged members to get government spending under control. She reiterated her opposition to HB 1005, her support for HB 1002, and her support for Governor Dunleavy.

[11:16:12 AM](#)

CORBIN ARNO, SELF, HOMER (via teleconference), testified against HB 1005. He thought state spending needed to get under control before the legislature started stealing people's money. He thought it was the time for the state to live within its means. He stated that the PFD money was not for the legislature to spend. He thought it was the people's money. He hoped the legislature listened to the people of Alaska.

[11:17:30 AM](#)

LYNN LOWREY, SELF, WASILLA (via teleconference), reported that it was her third time testifying on the issue. She was opposed to any change to the PFD. She strongly opposed HB 1005, as she saw it as a bait-and-switch piece of legislation. She stated it was expensive to live in Alaska and the PFD gave people extra help. She needed the money to live. She supported the governor and HB 1002. She wanted the legislature to do right by the Alaskan people - to restore the people's PFDs.

[11:19:34 AM](#)

BILL IVERSON, SELF, SOLDOTNA (via teleconference), spoke in opposition of HB 1005. He noted his support for HB 1002. He did not want to have to call in again to testify in support of HB 1002. He suggested that the economy had been significantly hurt by the theft of the PFD to the Alaskan economy. He hoped to see the legislature take fiscal responsibility and to get its house in order. He thanked the committee.

[11:20:35 AM](#)

VIVIAN SWANSON, SELF, SOLDOTNA (via teleconference), spoke in opposition to HB 1005. She was a retired citizen and was receiving Social Security monies. She depended on her PFD each year. She did not want any changes made to the PFD without a vote of the people. She wanted to receive a full PFD currently and in years to come. She voted for Governor Dunleavy because she believed he would help save the Permanent Fund.

[11:21:44 AM](#)

WILLIAM BROWN, SELF, WASILLA (via teleconference), opposed HB 1005. He was a business owner. Every year he witnessed the legislature taking the people's PFDs. He asked the committee to stop trying to take Alaskan's PFDs. He urged members to shrink the budget.

[11:22:59 AM](#)

FAYE SARREN, SELF, ANCHORAGE (via teleconference), spoke against HB 1005. She voted for Governor Dunleavy because she trusted him, unlike the legislature. She did not think

he would take money from Alaskans. She implored the legislature to quit trying to take the people's money away from them.

11:24:25 AM

MICHAEL DUKES, SELF, WASILLA (via teleconference), opposed HB 1005. He supported HB 1002 that he believed had been buried by the House Majority. He believed part of the problem was that the legislature had an addiction to spending. He noted the \$14 billion that was spent over 4 years from the CBR. He argued that state spending was unsustainable. He disagreed with the inference of either a PFD or a tax, or a PFD or the government - he believed it was a false choice. He thought taking the PFD in the previous 3 years had been a tax on every Alaskan. The Alaskans that felt the effects of the reductions the most were the ones in the lowest 50 percentile of the income bracket. He noted that every year the legislature had taken the dividend, 8 percent of Alaskans had been pushed below the poverty line. He thought the actions were unforgivable and unsustainable - continuing to bulk up government on the backs of some of the lowest income earners in Alaska. Currently, the government already received the lion's share of all of the money. State government already received 75 percent of all oil royalties and 100 percent of corporate taxes and property taxes. The state also took half of the remaining 25 percent of royalties that were invested. The proposal in HB 1005 would take another half of the 25 percent of investment earnings. He wondered how much was enough. He wondered if it would be when the entire PFD was gone. He believed eventually the state would take all of the PFD monies and then impose taxes as well.

Mr. Dukes reiterated that he thought state government had an addiction to spending. There was a danger in the CBR draw posed in the bill. It lent more credence to the fact that the dividend was nothing more than a government payout. The amounts of the previous PFDs were in the ERA. He argued that the payments belonged in the hands of Alaskans. There was a source of funding for the PFD in the current year. He also asked about what happened with the bill containing contingency language. He thought it was a problem to have a contingency, changing the formula, as a condition of passing the bill. He asserted that the legislature needed to follow the law. He argued that there was already a statute in place and believed HB 1002 was not

needed. If there were to be a change in the PFD formula, he suggested letting the change occur during a regular session when the people of Alaska could properly weigh in. He also believed an advisory vote of the people was necessary. He believed about 80 percent of Alaskans would oppose a change to the formula, similar to a previous advisory vote taken in 1999.

[11:28:11 AM](#)

DEBRA KUSE, SELF, WASILLA (via teleconference), spoke in opposition to HB 1005. She supported the governor and Representative David Eastman. She wanted to see the legislature stay on budget. She did not believe government should be touching money that did not belong to it. She was disappointed there had been no special session in Palmer or Wasilla. She was part of the working poor who could not make it to Juneau during session. She believed elections belonged to the people. She was disappointed that she had to call in to testify. She quoted Abraham Lincoln who stated that elections belonged to the people. She wanted the legislature to let the people decide.

[11:30:55 AM](#)

DEAN CAMERY, SELF, EAGLE RIVER (via teleconference), was opposed to HB 1005. He was very disappointed with the House of Representatives. He argued that legislators were not elected to join coalitions. Since the House coalition was formed members had been trying to govern against the will of the people. He was one of the 146,000 people that voted for Governor Dunleavy to get the state's fiscal house in order and to get the Permanent Fund out of the hands of the legislature. He wanted legislators' greedy paws off of money belonging to Alaskans. He believed a close door session in which members examined their conscience and to do what was right for the State of Alaska. He restated his opposition to HB 1005.

[11:32:46 AM](#)

BARBARA BAUGHN-BOOKEY, SELF, KENAI (via teleconference), was opposed to HB 1005. She voted for Governor Dunleavy. She expected the budget to be reduced and the PFD not to be touched. She expected a full payout including the prior years that were taken from Alaskans. It would allow people to stay afloat. She noted some good uses of the PFD. the

PFD allowed her to put appropriate tires on her car for the winter and other essential things. She mentioned that she had seen many people leave the state. She thought the state was a difficult state to live in. The Permanent Fund Dividend helped to subsidize the cost of living in Alaska. She supported HB 1002, HB 1003, and HB 1004.

[11:35:06 AM](#)

SHARON GHERMAN, SELF, SOLDOTNA (via teleconference), strongly opposed HB 1005. She was aware of what the intention of the PFD was because she had spoken with Governor Hammond years prior who had told her that the legislature would spend, and the PFD would disappear unless the people of Alaska controlled it. Alaska was the only state that provided ownership of income from its natural resources. She supported Governor Dunleavy because of his plan to refund the PFD monies previously stolen from Alaskans. She also believed the formula should be placed into the Alaska Constitution. She did not think the legislature had the right to take the dividend away from the people. She advocated for a balanced budget and additional cuts. The issue was not about whether citizens needed the PFD money more than state government. It had to do with whether the legislature had the right to take the PFD. She opined that the legislature did not have a legal or moral right to do so. She expected the legislature to honor the will of Alaska's people.

[11:36:52 AM](#)

BILL PRICE, SELF, WASILLA (via teleconference), was against HB 1005. He thought the legislature was taking from the people. He reasoned that taking the PFD was a tax, although the legislature was pretending that it was not. He argued that the PFD was not a socialist payment. He thought the legislature was not willing to cut. He believed taking the PFD was dishonest. He hoped the legislature was listening to the public.

[11:40:16 AM](#)

CLEM TILLION, CHAIR, PFD DEFENDERS, HALIBUT COVE (via teleconference), shared that he was the Senate President when the Permanent Fund was established. He recalled having to get the troopers to bring 2 state senators in handcuffs to the floor to get the legislation passed. There was a law

in place that the legislature has been afraid to change. He wished the legislature would obey the law and pay the PFD. He agreed that any raid on the Permanent Fund was a tax. He thought it was unfair to take \$1000 away from a woman in Emmonak and not charge a guy that comes up to fish or work on the North Slope. He asked the legislature to obey the law. He opined that the legislature was wasting 75 percent of the bonuses and royalties that should be treated as principle and invested. He argued that the legislature should never spend principle monies, only monies from the ERA. He relayed that the 25 percent that was set aside for the people did not go into the general fund, rather, it went to the Alaska Permanent Fund Corporation (APFC). He closed his testimony by saying, "Just obey the law."

[11:41:57 AM](#)

JOSEPH WARD, SELF, PALMER (via teleconference), opposed HB 1005. He was a third generation Alaskan. He supported a full PFD. He shared personal information about his child's mental illness. He spoke of how the PFD would help him with basic needs. He indicated the extra income was needed to sustain the Alaska way of life. It was becoming more difficult to hunt and fish which helped to offset income. He spoke of the high costs associated with getting food in Alaska. He believed that if the formula were to be changed, Alaskans should get to weigh in and vote on the issue.

[11:44:05 AM](#)

DAVID WITT, SELF, PALMER (via teleconference), spoke in opposition of HB 1005. He encouraged legislators to follow the will of the people. He spoke of an issue around Social Security which he thought was similar to Governor Walker not paying a full dividend. He relayed that HB 1002 was buried in committee because the House Speaker had not wanted to advance the legislation. He thought the legislature's party politics were despicable. He believed the legislature was not listening to the people. He implored the legislature to do the will of the people and to provide a full PFD. He opined that the bipartisan coalition was thwarting what Governor Dunleavy was trying to do. He asked members to stop playing partisan politics.

[11:49:14 AM](#)

MORMA HARRISON-DAVIS, SELF, PALMER (via teleconference), testified against HB 1005. She did not believe much thought had gone into the bill. She explained that because of the current climate of the oil industry oil prices could shoot up to \$150 per barrel significantly changing the state's revenue. She did not want the state to be stuck with a bill that took half of the people's money and gave it to the legislature to spend. giving the legislature more money to spend. She was in favor of the existing formula. She stated the money was not the issue. She thought the legislature did not have the right to make changes to the formula or the PFD. She believed the issue needed to be voted on by the people of Alaska. She was disappointed that more thought had not gone into the bill.

Co-Chair Wilson replied that the bill would change the current formula. There was nothing that stated that the issue could not go to the people for a vote. The legislature did not have any constitutional amendments on the agenda for the special session.

Ms. Harrison-Davis asked about the 50 percent in the future as laid out in the bill. She wondered if anything would be allowed if the price of oil went up drastically.

Co-Chair Wilson replied that there would be a guarantee in statute. There would be nothing stopping the legislature from doing what Governor Palin did when she gave a supplemental PFD.

Ms. Harrison-Davis clarified that she was not talking about a supplemental, but rather the bill itself.

Co-Chair Wilson explained that it would change the statute. It would take the passage of another bill for it to happen.

Ms. Harrison-Davis did not believe the process had been thought through. She disagreed with the bill. She supported the original intent of the formula. She stated that if the legislature could not make cuts it needed to implement a tax.

[11:53:22 AM](#)

GEORGE PIERCE, SELF, KASILOF (via teleconference), opposed HB 1005. He thought the cuts were on the people. He wanted the legislature to leave the PFD alone. He disagreed with

paying the oil companies \$1.2 billion in subsidies while the legislature could not payout the dividend. He advised members to leave the PFD alone. He urged them to do their job in representing Alaskans. He asked the legislature to recoup Alaska's fair share of oil. He argued that the PFD need protection for legislators. Although he did not vote for Governor Dunleavy, he supported his cuts. He did not believe the legislature had cut deeply enough. He thought the legislature was exercising wasteful spending.

[11:56:22 AM](#)

RAYMOND HILL, SELF, ANCHORAGE (via teleconference), spoke against HB 1005. He spoke of the high cost of living in Alaska and the help the PFD provided for he and his wife each year. He thought the government kept creating additional programs which expanded the state's budget. He stressed the importance of the state not spending beyond its means. It was not possible to spend beyond the state's means. He suggested going to the Native corporations for additional monies. He reiterated the importance of the PFD to him personally. He supported Governor Dunleavy and thought the PFD needed to be restored and left alone. He thanked members for their time.

[11:59:39 AM](#)

NANCY HILL, SELF, ANCHORAGE (via teleconference), was opposed to HB 1005. She highlighted the use of the word "permanent." She wanted a full restoration of the PFD.

[12:00:19 PM](#)

LYNDA MYERS, SELF, ANCHORAGE (via teleconference), spoke in opposition to HB 1005. She supported the governor. She did not support the legislature stealing money from the people. She advocated exercising her opinion in the ballot box. She had been waiting to testify for more than 2 hours. She echoed the statements by past callers. She supported the idea of the public being paid back for the PFD money they were not paid over the previous few years. She thought the state favored oil companies. She encouraged people to stand up to legislators running for office. She spoke of a PFD issue her family experienced. She encouraged members to listen to the people.

Co-Chair Wilson indicated the committee would be reconvening at 5:00 P.M. to continue with public testimony.

The meeting was RECESSED to the Call of the Chair.

12:04:28 PM

RECESSED

4:59:33 PM

RECONVENED

Co-Chair Wilson indicated that there had been some misinformation floating around. She clarified that the bill provided a full dividend of \$3000 and proposed a change to the dividend formula in future years. In crafting the legislation, she started by using the prior dividend. She would continue to work on the bill in committee and provided a time to hear amendments. She reported that the administration had reached out and was not providing accurate information to her constituents. She reiterated the intent of the bill and suggested that sometimes the process was difficult. She thanked Alaskans for all of their input, as it was important to hear it.

5:01:37 PM

DR. DIANA CHADWELL, SELF, DELTA JUNCTION (via teleconference), spoke in opposition of HB 1005. She stressed the importance of putting the issue to a vote of the people. She asserted that Governor Walker stole money from Alaskans and should be responsible for reimbursing them. She mentioned people on Social Security Disability. She also noted a 50/50 rule. She thought the PFD was established by very wise men who had passed on. There were fines and penalties for people who broke the law. She expected the legislature to hold a person responsible for their actions. She urged members not to pass HB 1005. She referred to the original founding documentation of the PFD.

5:04:31 PM

PATRICK SCHLICHTING, SELF, DELTA JUNCTION (via teleconference), spoke in favor of HB 1005. He had lived through the previous 3 years of reductions to the PFD payout. He could not believe he lived in a state that did not require or impose an income tax or another broad-based tax. The money that was part of the reduced dividend was an

investment in state services in lieu of taxes. He was astounded at the governor's proposed budget. He suggested that Governor Dunleavy bought the election by pledging to give money that was not his to give. He suggested reducing the percentage for dividends to 20 percent. He was okay with the legislature paying out reduced dividends in the current year using the new formula specified in the bill. He thought the amount would remain generous.

[5:06:43 PM](#)

GARVAN BUCARIA, SELF, WASILLA (via teleconference), spoke in opposition to HB 1005. He supported the original formulation for the calculation of the PFD. Any changes to the disposition of the PFD should be subject to a public referendum. He noted in Section 4(a) of the bill that the legislature wanted to spend an additional quarter of dollar transfers from the Permanent Fund Earnings Reserve that was available for distribution. He suggested the legislature should be satisfied with the current split - Alaska government versus Alaska residents. He thought the House's inability to get business done early in the session showed its unwillingness to be conservative relative to spending the Alaska Permanent Fund and oil revenues.

Co-Chair Wilson asked if Mr. Bucaria would be satisfied with a referendum.

Mr. Bucaria responded that a referendum would give people a chance to see what was going on. He found that the bill was confusing to understand and that a referendum might provide additional clarity.

[5:08:48 PM](#)

WILLIAM KENYON, SELF, CORDOVA (via teleconference), spoke in support of HB 1005. He appreciated participating in the decision of how Alaska should use the Prudhoe Bay lease money. The whole state participated in thinking about the future of Alaska. He relayed that when the Permanent Fund was created it was about future generations. The purpose of the dividend was to keep the Permanent Fund safe for future generations. The fund was for use when needed, not wasted on grain storage towers in Valdez.

[5:09:48 PM](#)

LIZ SENEAR, SELF, CORDOVA (via teleconference), supported HB 1005. She did not support eviscerating the state budget or state services. She also did not support a \$3000 dividend or maintaining a reasonable level of services and taking extra money from the ERA to maintain a \$3000 dividend. She thought the bill was a reasonable approach and kept the dividend on the high side with some reliability. She agreed with the bill based on the state's current situation.

5:11:00 PM

HERMAN MORGAN, SELF, ANIAK (via teleconference), opposed HB 1005. He believed people getting less of a dividend by changing the formula would allow more spending for education and the University. He did not think his community was getting its money's worth. He opined that all the money the state spent on Medicaid could send it into bankruptcy. He was glad the committee was hearing public testimony. He suggested the residency requirement to qualify to receive a PFD should be 2 years, as he had concerns about the United States protecting its border. He noted having to keep the liquor store open to pay for the swimming pool in Bethel. He advocated cutting government spending. He talked about bad things happening in the villages. He asked members to give back the people's dividend. He thought it was sad that unqualified teachers were in the classrooms in the villages. Children were not getting a proper education. He urged members to listen to the public. He indicated that listening to the people would build trust. He disagreed with changing how the dividend was paid out. He urged taking money out of the ERA and placing it into the corpus of the Permanent Fund.

5:17:01 PM

ELIZABETH HOLM, SELF, NORTH POLE (via teleconference), understood that HB 1005 would put the state back on a path to receiving full PFDs in the future which she supported. However, the bill did not repay Alaskans' money taken from the Walker Administration used to grow government. She advocated for additional cuts to the budget to amend the mistakes of the previous administration. She spoke of Alaskans that were willing to give up their PFDs and were willing to be taxed. She suggested that they use the Pick. Click. Give. option if they wanted to support state government further. She spoke in support of HB 1002 which

included a full PFD payment and back payments taken from the people. She wanted to see additional cuts to education, particularly to charter schools. She urged members to vote in favor of the repayment of past dividends.

[5:18:54 PM](#)

KIM SHORT, SELF, HOUSTON (via teleconference), opposed HB 1005. She thought it was an unfair bill. She believed other things should be cut rather than the dividend such as legislators' salaries. She wanted to see the residence requirement for receiving a PFD expanded to 5 years. She opposed cutting future dividends in half. She thought state government should tighten its belt rather than taking money from Alaskans. She wanted to see a vote of the people initiated.

[5:20:41 PM](#)

LESLIE HVAMSTAD, SELF, HOUSTON (via teleconference), opposed HB 1005 and any changes to the PFD. She thought state government had been wasteful. She believed cutting the PFD would be thievery.

[5:21:42 PM](#)

WILLIAMS LAMBERT, SELF, NORTH POLE (via teleconference), spoke against HB 1005. He did not support making any changes to the dividend. He wanted to see the repayment of dividends plus interest. He advocated any changes to the dividend or formula be put to a vote of the people. He advocated for the legislative session to be held on the road system. He asserted that HB 1005 was the worst idea that he had ever heard. He wanted to see the dividend embedded in the constitution and out of the hands of the legislature. He spoke of peoples' vehicles being broken into. He thought the legislature was too protected. He reiterated his support for the repayment of past dividends. He strongly opposed HB 1005.

[5:26:04 PM](#)

CAROLYN PORTER, SELF, PALMER (via teleconference), did not support HB 1005. She spoke about how critical the PFD was in certain areas of Alaska. She mentioned that many families relied on the dividend to heat their homes and pay for food. She provided several other ways in which families

utilized the PFD. She urged support for HB 1002, HB 1003, and HB 1004. She opposed HB 1005.

[5:28:17 PM](#)

CHRISTINE ROBBINS, SELF, FAIRBANKS (via teleconference), strongly opposed HB 1005. She thought it was wrong to think the government knew better how to spend the peoples' money. She believed it was impossible to have a sustainable budget without making reductions. She noted the small size of Alaska's population and the large size of government. She opposed HB 1005. She supported HB 1002, HB 1003, and HB 1004.

[5:30:12 PM](#)

MIKE PRAX, SELF, FAIRBANKS (via teleconference), adamantly opposed HB 1005. He objected to Section 1 of the bill where the legislature was violating the statute by drawing less than the prescribed amount from the ERA. In Section 2(b) the legislature should not be taking money from the CBR, as the CBR was not intended to pay dividends. Rather, the CBR was intended for operating expenses. There was plenty of funds in the ERA from which the dividend should be taken. He was especially opposed to Section 4. He disagreed with the contingency language accepting a reduction of the dividend in the future. He considered the language a bribe. He could appreciate that there was some misinformation out in the public. However, he argued that the legislature was springing the information on Alaskans with very little to figure out the bill. He noted that the governor had submitted a bill in plenty of time to vet the information. However, the legislature failed to take action on it. He highlighted that for anyone that did not want to receive a dividend they were free to give their check back to the state. He reiterated his strong opposition to HB 1005. He supported HB 1002, HB 1003, and HB 1004. He wanted to take as much money as possible away from state government. He asserted that it was the only way to get control of the state's fiscal situation.

Co-Chair Wilson noted that with the contingency language there would be an additional bill before the committee.

[5:33:02 PM](#)

SALLY FOLY, SELF, ANCHORAGE (via teleconference), spoke in strong opposition of HB 1005. She thought legislators believed they were untouchable. She relied on the PFD to provide clothing for her children every year. She reiterated her opposition to the bill.

[5:34:15 PM](#)

KATHY MILLER, SELF, KENAI (via teleconference), was adamantly opposed to HB 1005. She thought Alaska had done just fine with the way the formula had worked. She urged additional cuts to the budget and to leave the PFD alone. She mentioned having a large family and having needed the extra money from the PFD. She encouraged members to return the past dividends that were withheld.

[5:36:14 PM](#)

ADAM CARDWELL, SELF, WILLOW (via teleconference), strongly opposed HB 1005. He commented on the unnecessary special sessions that occurred every year. He advocated getting rid of government waste. He thought oil companies should be charged a larger royalty. He hoped the legislature would leave the PFD alone and act responsibly.

[5:38:18 PM](#)

CHUCK DERRICK, SELF, FAIRBANKS (via teleconference), spoke in opposition to HB 1005. He wanted to be reimbursed for what was taken from him. He urged legislators to reduce its spending and balance the budget. He wanted the original PFD formula to stay in place.

[5:39:44 PM](#)

JOHN RATHBUN, SELF, FAIRBANKS (via teleconference), spoke in favor of supporting the PFD. He thought HB 1005 was a poor excuse for what needed to be done - balancing the state budget. He asserted that Alaskans had been robbed of their royalty share. He was disappointed with the current legislature. He opposed HB 1005. He posed the question about how members would react if their money was taken. He thought it was time for the state to balance its budget.

[5:42:50 PM](#)

MARK A. AMES, SELF, FAIRBANKS (via teleconference), spoke in opposition of HB 1005. He talked about 90-10 mining claims and mentioned ANCSA [Alaska Native Claims Settlement Act] and ANILCA [Alaska National Interest Lands Conservation Act]. He thought a criminal investigation should be opened. He strongly opposed HB 1005. All Alaskans needed to pull their kids from public education. He continued to talk about the poor quality of education in the state.

[5:46:50 PM](#)

DIXIE BANNER, SELF, WASILLA (via teleconference), spoke in opposition of HB 1005. She reminded members that legislators were employees. She argued that the legislature had not listened to the public. She thought Alaskans had the right to have input on how the Permanent Fund should be spent. She thought the Alaskan people were smarter than legislators. She wanted to ensure the future of Alaska was protected. She wanted to protect the young people of Alaska. She thought it was sad to think that Alaska did not have a future. Her grandchildren had left the state because opportunities were lacking. She reiterated that a legislator was an employee rather than an employer.

[5:49:33 PM](#)

VALERIE NABINGER, SELF, ANCHORAGE (via teleconference), opposed HB 1005. She believed any changes to the PFD formula should be put to a vote of the people. She thanked the committee.

[5:50:22 PM](#)

TINA MINSTER, SELF, STERLING (via teleconference), was whole heartedly against HB 1005. She mentioned Governor Walker taking money from Alaskans. She suggested that the legislation was sneaky. She supported Governor Dunleavy. She and her family members had to tighten their budgets and the state should as well. She argued that the State of Alaska had no more money to spend. She reiterated her opposition for HB 1005. She favored a vote of the people. She spoke of her church feeding families to help them make it through difficult times.

[5:53:49 PM](#)

ROBERT HEATHERINGTON, SELF, FAIRBANKS (via teleconference), spoke in opposition to HB 1005. He felt the legislature should not touch the money of the people of Alaska. He talked about how expensive it was to heat his home in the wintertime. He talked about the difficulties for elders. He agreed with many of the previous testifiers about what the Alaskan people wanted. The people voted for Governor Dunleavy and a full PFD. He urged members to do what was right for the people of Alaska.

[5:56:27 PM](#)

ERIC KNOWLTON, SELF, WASILLA (via teleconference), spoke of having had a stroke a few years back. He had had heating assistance taken from him along with his PFD. He urged members to repay the PFDs and wanted a full PFD in the current year. He opposed HB 1005.

[5:57:31 PM](#)

MONIQUE DUNCAN, SELF, NORTH POLE (via teleconference), advocated a vote of the people rather than through a bill. She advocated many ways to reduce the budget. She was a disabled person that utilized the PFD. She thought it was outrageous that the legislature was focusing the discussion around the PFD. Although she could afford to give up her PFD, there were several people that relied on it. She opposed HB 1005.

[6:00:42 PM](#)

ERVIN MALCUIT, SELF, WASILLA (via teleconference), opposed HB 1005. He thought the Permanent Fund should be untouchable and should be kept as-is. He also believed the past payments that were withheld should be reimbursed to the people of Alaska.

[6:02:00 PM](#)

MARCY SOWERS, SELF, WASILLA (via teleconference), opposed HB 1005. She opposed any changes to the distribution of the Permanent Fund or the calculation. She advocated protecting the PFD in the constitution. She thought the issue should go to a vote of the people. The Permanent Fund was established as a trust fund for the people of Alaska - not for the purpose of paying for government. She suggested that for the people who testified that they did not want

their PFDs they could use Pick. Click. Give. She also argued for the repayment of the PFDs from past 3 years. She asserted that legislators had been derelict of their duty to protect the fund, statutes, and the people of Alaska. The state had consistently failed to live within its means. There were several households that relied on their PFDs. She agreed with other testifiers regarding the raiding of payments to the people. She urged protecting the current formula. She suggested that public trust had been eroded. She thought the legislature had not done its job. She noted that the people voted for a Republican House Majority and for Governor Dunleavy. She strongly opposed HB 1005.

[6:05:46 PM](#)

EMILY FLORIAN, SELF, WASILLA (via teleconference), did not support HB 1005. She argued that there should not be any changes made to the PFD without a vote of the people. She supported paying the PFD and making additional budget cuts. She suggested designing the budget as a business would - staying within its budget and without imposing taxes.

[6:06:42 PM](#)

CHARLES LESTER, SELF, DELTA JUNCTION (via teleconference), spoke against HB 1005. He hoped the members understood what the people wanted, based on all of the testimony provided. He wanted to see the PFD left as-is. He also thought legislators needed to work together. He thought the legislative session had turned into a fiasco. He mentioned his children using their PFDs for education. He did not think elected officials had been good stewards of the peoples' money. He did not believe giving the legislature additional monies would help. He encouraged a vote of the people. He asked members to get their ducks in a row and to do what was right.

[6:09:06 PM](#)

PATRICK MARTIN, SELF, WASILLA (via teleconference), spoke in opposition of HB 1005. He thought the legislature had acted in opposition to the will of the people. He believed Governor Walker had raided the Permanent Fund. He argued against wasteful spending by government officials. He supported putting a vote to the people of Alaska.

[6:11:03 PM](#)

LORNA MCANINCH, SELF, ANCHORAGE (via teleconference), opposed HB 1005. She wanted to see the PFD protected for future generations. She thought the PFD should be paid in full following statute that had been in place for decades. She believed the PFD should be protected in the constitution. She mentioned 2 bills introduced by Governor Dunleavy for the PFD back pay owed to Alaskans. She advocated for the legislature to act on the bills swiftly. She believed that every penny owed for the PFDs was sitting in the ERA and was available for distribution. She thought the PFD cuts were a wrongful tax. She argued that the PFDs were the peoples' rightful share of resource wealth. She did not want to see HB 1005 implemented. Rather, she thought it was time to put the PFD in the constitution.

[6:12:28 PM](#)

SANDRA DELONG, SELF, JUNEAU (via teleconference), did not submit a PFD application because she was concerned that the state did not have enough money to operate. She favored an income tax and advocated for an increase to the gasoline tax. She talked about people who came up from other states to earn a living but who did not leave anything in the state. She was concerned about people who relied on Medicaid, the Pioneer Homes, the Alaska Marine Highway System, and education funding. She thought there would be nothing left to attract people to Alaska. She did not feel the budget was the only thing to look at. She also thought there were too many free rides.

[6:15:16 PM](#)

ANTHONY BAIOCCHI, SELF, WASILLA (via teleconference), opposed HB 1005. He thought the Alaska Legislature had been on a spending jag since 2006. He thought state government should return to the spending levels of 2006 and adjusted for inflation. He wanted to see Alaska get its fiscal house in order.

[6:16:23 PM](#)

MARIE CULP-WASHBURN, SELF, KENAI (via teleconference), spoke in opposition of HB 1005. She argued that the original PFD formula had worked for many years. The dividend was a way to pay Alaskans for their mineral rights. She wanted to see the PFD formula put into the

Alaska Constitution so that no one could get their fingers on it again.

[6:17:56 PM](#)

TROY SCOTT, SELF, ANCHORAGE (via teleconference), was opposed to HB 1005. He believed the PFD was set up for a reason. He had been in the state since 1984. He argued that the PFD monies should not have been tapped for any reason without a vote of the people. He advocated for additional cuts to education and government. He thought the state had outspent itself. Alaska had cut its budget before, and he thought it could do it again. He reiterated his opposition to HB 1005.

[6:19:05 PM](#)

JEFF NELSON, SELF, WASILLA (via teleconference), spoke against HB 1005. He encouraged Alaska Lawmakers to go back to the drawing board. He urged legislators to take a pay cut. He thought his investment had been stolen. People voted for Governor Dunleavy to put a stop to overspending. He was against cutting the PFD. He talked about his personal financial struggles. He thought the state would eventually be bankrupt because the population would significantly decline.

[6:21:06 PM](#)

BRUCE WILLIAMS, SELF, WASILLA (via teleconference), spoke in opposition of HB 1005. He felt strongly that the legislature had not listened to the people. He urged members to help Alaskans. He talked about Governor Hammond coming to his place of work advocating that the PFD was the people's money. He thought Dunleavy was carrying a big stick - the will of the people.

[36:22:52 PM](#)

KEN BROWN, SELF, SOLDOTNA (via teleconference), adamantly opposed HB 1005. He supported HB 1002, HB 1003, and HB 1004. He did not believe there should be a change to the PFD without a vote of the people. He promised he would work to unseat legislators that supported the bill. He mentioned a recall effort.

[6:23:58 PM](#)

STEWART SPENCE, SELF, HOMER (via teleconference), spoke in opposition of HB 1005. She thought HB 1005 was being brought forth to show Alaskans the urgent need to confront the legislature, the courts, and the State of Alaska and to bring the issues before the federal court in order to regain a due process. She hoped Alaskans' voices would be heard. She talked about destructive projects occurring in the state. She suggested she would bring a case before a federal body if the legislature interfered with the PFD process. She spoke on things other than the bill before the committee. She reiterated her intention to prosecute the legislature if it tried to change the PFD.

[6:27:29 PM](#)

KRISTEN BUSH, SELF, EAGLE RIVER (via teleconference), spoke in opposition of HB 1005. She thought it was easier to take money from Alaskans through their PFD than to balance the budget. She noted Alaskans balancing their personal budgets. She was asking the legislature to do the same with the state's budget. She asserted that taking the PFD or revising the original formula was criminal. She urged the legislature to keep its hands off the PFD. She supported the governor and HB 1002, HB 1003, and HB 1004. She restated her opposition to HB 1005. She advocated a vote of the people in order to change the formula.

[6:29:21 PM](#)

CHRISTOPHER NUGENT, SELF, WASILLA (via teleconference), testified against HB 1005. He loved Alaska but did not appreciate the persistent battle about something that was put in place several years ago and worked. He agreed with the axiom, "If it's not broke, don't fix it." He did not agree with HB 1005. He asked the legislature to get back to work.

[6:30:09 PM](#)

MARK PRENTICE, SELF, KENAI (via teleconference), testified against HB 1005. He supported HB 1002, HB 1003, and HB 1004. He acknowledged the recession in Alaska and did not feel taking money from Alaskans was the right thing to do. He hoped the legislature would exercise common sense by restoring the PFD to the full amount based on the original

formula. He wanted more money pumped back into the private economy which the PFD facilitated.

[6:31:12 PM](#)

ROB KINNEY, SELF, WILLOW (via teleconference), spoke in opposition to HB 1005 the bill. He stated it was easy to spend other people's money. He agreed with other testifiers and urged members to listen to the people of Alaska.

[6:32:07 PM](#)

TIMOTHY MAYBERRY, SELF, NORTH POLE (via teleconference), spoke against HB 1005. He suggested that a referendum was a reasonable course of action. He noted the state wanted to take away the pipeline tax from the borough. He mentioned that his property taxes had gone up by 58 percent. He thought the retroactive reimbursement for the previous dividend recalculations was appropriate. He spoke of a friend that might lose his home if the retroactive payment of the PFD and the full dividend was not paid. He thought a discussion was necessary to have about what the state would do if oil returned to \$120 per barrel. Oil conditions were volatile. He asked the legislature not to tie Alaska to something the people did not want. He had called all Interior legislative offices, and Co-Chair Wilson was the only person that had returned his calls.

[6:34:19 PM](#)

SARAH ANN JACKSON, SELF, JUNEAU (via teleconference), opposed HB 1005. She thought the bill was foul legislation. She expressed her grievances with the legislature. She was concerned about the legislature not listening to the people. She wanted the PFD in the constitution.

[6:37:23 PM](#)

WALTER ROSE, SELF, NOME (via teleconference), opposed HB 1005 and any legislation that took away the PFD presently or in the future. He believed taking away the PFD was an inverse regressive tax which was not fair. It disproportionately taxed low-income people. He relayed that a tax by any other name was still a tax. He thought there were two angles of attack against budget imbalance - measures that cut costs and measures that increased income. He asserted that politicians did not like to talk about

either, especially new taxes. He wanted to talk about a fair and equitable tax that tapped the resources of people who could afford to pay. He urged members not to balance the budget on the backs of the poor.

[6:39:34 PM](#)

JOHN LISENBEE, SELF, ANCHORAGE (via teleconference), completely opposed HB 1005. He did not think the legislature was hearing the voice of the people. He supported a full PFD. He reiterated his opposition to HB 1005.

[6:41:22 PM](#)

GERRY BALLUTA, SELF, KETCHIKAN (via teleconference), opposed HB 1005. She strongly supported a vote of Alaskans for any change related to the Permanent Fund. She explained that she relied on the PFD to help with the high cost of living despite having a dual income home. She was aware of the ups and downs of the PFD payouts but advocated that the formula was in place for a reason. She did not think the formula should be changed without a vote of the people. She supported Governor Dunleavy's budget recommendations. She emphasized that the people were speaking.

[6:42:59 PM](#)

STEPHANIE CLAY, SELF, ANCHORAGE (via teleconference), spoke in opposition to HB 1005. She relayed that the PFD was set up because Alaska did not own the mineral rights. She advocated for a full PFD and the repayment of the monies withheld from the PFD payout for the prior 3 years. She supported additional cuts to the budget including education funding.

[6:44:56 PM](#)

DAVID HURN, SELF, WASILLA (via teleconference), opposed HB 1005. He indicated the PFD was for the people. He thought legislators had been breaking the law for the previous 3 years. He wondered if legislators knew anything about economics. He disagreed with legislators receiving per diem in a special session. He supported HB 1002, HB 1003, and HB 1005. He was in favor of Alaska. He was also in favor of moving the capital to the road system.

Co-Chair Wilson clarified that legislators were not receiving any per diem while they were in Juneau.

[6:47:20 PM](#)

RACHEL COLVARD, SELF, ANCHORAGE (via teleconference), testified in opposition to HB 1005. She wanted her money back. She thought the worst thing the legislature could do was to take the people's dividend. She spoke of her financial woes. There were many people like herself that needed their PFD.

[6:48:33 PM](#)

JEB STUART, SELF, WASILLA (via teleconference), testified against HB 1005. He advocated for HB 1002, HB 1003, and HB 1004. He thought the state should reduce its spending and be fiscally responsible. It was up to the legislature to make the hard choices, which he did not believe it was doing. He supported the governor. He reiterated his opposition to the bill.

[6:49:41 PM](#)

ROY SUMNER, SELF, WASILLA (via teleconference), opposed HB 1005. He thought the legislature had been trying to destroy the Permanent Fund since it was created. He did not support changing the PFD formula. He spoke of the high administrative costs of government. He advocated that the legislature refund the people's money. He supported HB 1002, HB 1003, and HB 1004.

[6:51:32 PM](#)

BOB BARNDT, SELF, EAGLE RIVER (via teleconference), testified against HB 1005. He thought the bill was a bait-and-switch piece of legislation. He did not think it was right for the PFD to be changed at the will of the legislature. He thought the matter should be taken up with a vote of the people. He supported the cuts proposed by the governor. He reiterated his opposition to HB 1005.

[6:52:43 PM](#)

ALLEN CRUCE, SELF, PALMER (via teleconference), strongly opposed HB 1005. He also opposed the legislature's actions on presenting the last-minute bills after Governor Dunleavy

gave the legislature ample time to address the 2 bills he presented to pay back the stolen PFD funds. He thought it was time legislators listened to the people and supported the current governor. He thought members needed to be reminded of how to run a business. He advocated cutting education funding and balancing the budget without touching the PFD. He reminded members that they governed as servants of the people of Alaska.

[6:54:02 PM](#)

BARBARA MCMAHAN, SELF, FAIRBANKS (via teleconference), spoke against HB 1005. She thought legislators were supposed to be upholders of the law. She believed legislators were breaking the law. She spoke of the high costs of living in Alaska and not wanting to move. She supported Governor Dunleavy. She believed the state should only spend what it had. She felt it was up to the people to decide about anything regarding the Permanent Fund. She vehemently opposed HB 1005.

[6:56:13 PM](#)

JONATHAN LOVEJOY, SELF, NORTH POLE (via teleconference), opposed HB 1005. He advocated getting the budget in order and spending under control. He agreed with the idea of putting the formula change up to a vote of the people. He opposed the legislation.

[6:56:39 PM](#)

PIERRE AIMAN, SELF, CHUGIAK (via teleconference), spoke against HB 1005. He thanked fellow Alaskans that testified. He opined that legislators would not listen to Alaskans. He thanked Governor Dunleavy and Ms. Amy Dembowski for taking care of Alaskans and giving thought to what Alaskans wanted to do in life. He had been in Alaska since before the Permanent Fund. He noted the greed in Juneau. He had three generations in Alaska. He urged members to do something for the state.

[6:59:23 PM](#)

JEANNE SULLIVAN, SELF, WASILLA (via teleconference), opposed HB 1005. She advocated that the PFD be put to a vote of the people. She thought politicians were greedy. She knew of several people that needed the PFD. She had

been in Alaska for over 35 years and had seen the state deteriorate. She supported Governor Dunleavy who represented the voice of the people. She urged members to do their jobs.

[7:01:44 PM](#)

LILA JENSEN, SELF, ANCHORAGE (via teleconference), opposed HB 1005. She was a mother of five children and utilized the PFDs each year for things her family needed. She urged members to find a different way to solve the financial challenges of the state. She thought legislators should lose their jobs if they did not do something to solve the problem. She did not want the PFD touched. She asked members to do the right thing. She reiterated her opposition to HB 1005.

[7:04:51 PM](#)

JAMES MACRAE, SELF, KASILOF (via teleconference), [Note: The audio was cut off].

[7:05:56 PM](#)

AARON BENJAMIN, SELF, TALKEETNA (via teleconference), spoke against HB 1005. He did not believe legislators were listening to the will of the people. He thought any changes to the PFD needed to be put to a public vote. He accused legislators of stealing from the citizens of Alaska.

[7:07:36 PM](#)

JEANNIE PIERCE, SELF, WASILLA (via teleconference), spoke in opposition to HB 1005. She spoke of family values. She advocated putting the PFD to a vote of the people. She mentioned that she had not heard anything about a change in the oil tax structure. The people that voted for Governor Dunleavy wanted government spending reduced and the PFD returned. She hoped the legislature would do the right thing. She restated her opposition to HB 1005 and urged members to return the PFD.

[7:09:24 PM](#)

DURAINY RAWLS, SELF, NIKISKI (via teleconference), spoke against HB 1005 or any bill that voted to take the Permanent Fund away from Alaskans. She agreed with all of

the previous testifiers that opposed HB 1005. She reiterated that she voted for Governor Dunleavy because he promised to return the PFD to the people and to cut government. She supported HB 1002, HB 1003, and HB 1004. She remembered having to vote against reducing the PFD about 25 years prior. At the time, people had to vote to save the PFD because another politician had tried to take it from the people. She reported that almost 90 percent of all registered voters came out to vote against it. She criticized Governor Walker for taking the people's money. She wanted her full share and wanted additional cuts applied to the budget. She appreciated members listening.

[7:12:15 PM](#)

DALE AUSTERMUHL, SELF, FAIRBANKS (via teleconference), testified against HB 1005. He supported Governor Dunleavy because of his support for families. He spoke of the importance of the PFD. He urged the legislature to keep the formula. He was around when the dividend was put into place. He had voted for Senator Kawasaki and Representative LeBon. He hoped that Representative LeBon would not support the bill. He mentioned having his property taxes increased. He advocated for additional cuts to the budget. He thought plenty of cuts could still be made, specifically in education. He supported education but believed it should come from the federal government.

[7:16:00 PM](#)

CRYSTAL MCKENZIE, SELF, ANCHORAGE (via teleconference), opposed HB 1005. She spoke of the historical background of the PFD. She spoke of the turncoat Republicans in the House. She urged large reductions to the budget and urged a full dividend. She asked the legislature to keep their hands off of the PFDs.

[7:17:40 PM](#)

ELIZABETH SWEET, SELF, NORTH POLE (via teleconference), strongly opposed HB 1005. She thought Co-Chair Wilson's career was over. She expressed her support for HB 1002, HB 1003, and HB 1004.

[7:18:04 PM](#)

KEN SEAGLE, SELF, ANCHORAGE (via teleconference), opposed HB 1005. He understood the legislature wanted to take the easy route which was to use money for the PFD. However, the problem was not a simple and easy problem and required more than a simple and easy solution. The legislature had a duty to the people of Alaska, not the oil companies. He was willing to give up some of his PFD but expected the legislature, the governor, and the oil companies to contribute their share. He urged members to lead by example perhaps reducing their salaries. He suggested reducing the PFD by a percentage. He thought it would be more equitable. He believed the PFD belonged to the people. He wanted the burden spread out fairly.

[7:21:05 PM](#)

LAURA WHITE, SELF, NORTH POLE (via teleconference), opposed HB 1005. She did not agree with trying to take the people's PFD. She spoke of people around her struggling. She thought the legislature should do what was right by returning money to Alaskans.

[7:22:06 PM](#)

KEVIN MACAN, SELF, JUNEAU (via teleconference), testified against HB 1005. He did not think it was right to take the PFD from Alaskans. He argued that the legislature should balance the budget, as it was fiscally responsible. He agreed with the disbursement of the PFD with the current formula. He supported placing the formula and the PFD into the Alaska Constitution. He thought the majority of callers that testified were against HB 1005. He hoped all legislators were listening to public testimony.

[7:24:17 PM](#)

Co-Chair Wilson noted that Representative Carpenter was listening online to public testimony.

[7:24:34 PM](#)

ROBBIE CAMPBELL, SELF, KENAI (via teleconference), opposed HB 1005. She also thought the PFD should be protected in the constitution. She advocated for a full PFD and the repayment of the PFD to the people of Alaska. She spoke of some personal financial struggles and the help the PFD

provided. She supported Governor Dunleavy and opposed HB 1005.

[7:28:11 PM](#)

DAVID MIGNON, SELF, ANCHORAGE (via teleconference), spoke against HB 1005. He did not want the legislature touching the PFD. He agreed with the current formula. He thought members should work towards solving the state's fiscal problem. He did not want money taken from children for college. He thought a yes vote would get legislators run out of town similar to what happened when Governor Walker took a portion of people's PFD. He thanked the committee.

[7:30:02 PM](#)

Co-Chair Wilson CLOSED Public Testimony on HB 1005.

Co-Chair Wilson relayed that amendments were due on Monday, May 27, 2019 by Noon. She noted Representative Vance had been with the committee the entire meeting as well.

#

ADJOURNMENT

[7:30:24 PM](#)

The meeting was adjourned at 7:30 p.m.