

SCOMM

101:10

Summary of Public Hearings
September 11, 1995
Anchorage, Alaska

This public hearing session covered the North/Northwest and the Interior of the State of Alaska. Hearings commenced at 7:00P.M..

Commission Members Present:

Brian Rogers, Chair	) - Fairbanks	
Mary Nordale	) - Fairbanks	
Senator Lincoln	) - Rampart	
Rep. Sean Parnell	) - Anchorage	Mike O'Conner) - Anchorage
Hugh Motley	) - Anchorage	Pat Pourchot) - Anchorage
Marie Westfall	) - Ketchikan	
Annalee McConnell	) - Juneau	Robert Loescher) Juneau
Bruce Ludwig	) - Juneau	

Staff Present: Brad Pierce, Melissa Fouse, Bob Walsh

Public Hearings were called into order by the Chair at 7:00 P.M. Mr. Rogers gave a brief opening statement and then called on the first person to testify.

Mr. Cliff Berglin, Fairbanks, Alaska- Spoke about making available the leasing of more state lands for oil and gas development. Mr. Berglin spoke about the Point Thompson leases. Felt that there were at least 20 more fields that could be developed.

No questions from the Commission Members.

Mr. Bob Knight- Post Office Box 84890 Fairbanks, Alaska 99708-Felt that the Commission should run their projections out to 2010. Because he has and he sees a real drop. Felt that what was in the report didn't give a real clear picture of the gap as was written. Said he felt that the state would only have 10% purchasing power then with today's dollars.

The Chair explained that many commission members felt the same and the final report will reflect those projections.

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The Chairman went around the teleconference sites to check if anyone wished to testify. Delta Junction, Kotzebue, Nome?
Only one observer in Nome.

John Ringstead 757 Illinois, Fairbanks, Alaska 99708 -
Would like to see wider distribution of the final report. Feels that the awareness is just beginning as the summer is now behind us and we can start focusing on other issues. Was glad to see that everything was on the table. Encouraged economic development although there is not much benefit to the state other than employment. Phase in changes. These can't be done overnight.

Questions from Commissioners:

Mary Nordale asked where he would stand on an income tax? And when should one be imposed?

Pat Pourchot asked about forward funding, is it still a good way to go?

Mary Nordale asked that John submit in writing to the Commission his thoughts and concerns. John responded that he would get something to the commission for consideration.

Hugh Fate - 750 Farmers Loop Road, Fairbanks, Alaska 99708 - Felt that the Commission had to get the message out. Need a very comprehensive report with targeted solutions. Need to give the Governor and the Legislature more advice. Cap the PFD, Taxing is fair. The communities out there that are experiencing dissolution problems are doing so because they are buried. They feel that they will get more support from the Federal grant programs through their Tribal governments.

Mary Nordale - Questioned about the transfer of functions such as Class Three Roads to municipalities? What will happen to these communities?

Stuart Perala, 666 11th Ave., Fairbanks, Alaska- felt that we should bite the bullet and bring up the dreaded "T" word. There should be a sales tax, an income tax as well as a gas tax. The gas tax is the lowest in the nation and this could go to fix our roads.

No questions from the commission members.

David Bates, 2301 Wheat, Fairbanks, Alaska 99709. Five year resident of the State, employed by Tanana Chiefs Conference. Would like to see an increase in the tobacco tax. Have not had a chance to read the report yet.

Annalee McConnell- Questioned him on the tobacco tax increase?

Bob Loescher- Would TCC favor elimination of the PFD or Capping the PDF? What would the impacts be regarding Revenue Sharing and Municipal Assistance elimination or reduction? What about the impacts to education?

Mary Nordale - Question. What was TCC's position on the alcohol tax proposal? What can be done to diminish the crime?

Senator Lincoln- Wanted to know what he means by the statement that the communities in Rural Alaska were unaware of the budget gap? How can we improve that? Why aren't they aware?

Chairman Rogers makes another round of the teleconference sites. Kotzebue, Barrow, and Nome.

Barrow- Karen Hegyi, City of Barrow, Barrow, Alaska- Spoke on behalf of the Mayor. Wanted to restate three items. 1.) hopes that everyone received the AML packet that a follow up to the August 26th meeting. 2.) The AML and the City of Barrow is ready and willing to work with the commission. 3.) Please remember the importance of Revenue Sharing and Municipal Assistance has in rural Alaska as well as all municipalities.

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Fairbanks- Jane Hage, Fairbanks, Alaska 99701- Don't cut schools that is our future. We have a good foundation program don't mess with it. There is a commission looking at the foundation program so don't do anything.

Hugh Doogan, 359 Slater Street, Fairbanks, Alaska 99701- Has been here a long long time and doesn't support a state sales tax this is a responsibility of the municipalities, and he doesn't support a statewide property tax.

The Chair recessed the Public Hearing at 8:15 pm until 9/12/95 at 7:00PM same locations.

Mon

Ringstad
Nordale ask \$ → police + roads

Nordale Income Tax?

Ringstad
• yes, politically feasible, big question is when.
• taxes non-residents
• govt not in good enough shape

Pomeroy Fund funding?

Il: Yes. Hard part getting ^{go} it. Not ultimate answer.

HUGH

Fate

- make final report very short
- any solution must involve prioritized cuts in spending
- cap dividend - \$ don't build infrastructure
- taxing - SB fair tax that does not impact business or oil cos/rates.
- rural Alaska - have lost faith in govt ^{no economy} regulated to death
- cottage industry bill

Nordale transfer functions i.e. road maint
what would happen in rural AK

Loesch

unequal school funding?

- different system: more by elders, etc.

MNoodale:

inc. alcohol taxes

Lincoln

How can state improve communications?

- village people dis.

**STATE OF ALASKA
LONG RANGE FINANCIAL PLANNING COMMISSION**

716 West Fourth Avenue, Anchorage, Alaska 99501

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Staff: Melissa Aber Fouse

Bob Walsh

**SUMMARY OF PUBLIC TESTIMONY
TUESDAY, 12 SEPTEMBER 1995**

The hearing was called to order by Chairman Rogers at 7:00 PM.

Testimony was given as follows:

Terry Hoefferle, Dillingham:

- commend quality of report, ADN one-page summary better
- in the last 10 years as the population has grown more dollars have left the state; more jobs do not translate into more dollars to the state
- the permanent fund dividend is a negative tax
- we need an income tax; taxpayers were disenfranchised when statute repealed
- supports reenactment of a personal income tax, a property tax and a state sales tax as needed in that order
- changes to the permanent fund should be last
- the size of government is growing because of entitlement programs such as the longevity bonus, which should be needs based and phased out
- other entitlement programs should be examined

Vince O'Rielly, Kenai

- commends commission for work done so far
- Alaska needs a long term solution to fiscal management
- cuts should be made without causing a decline in the economy
- should examine Cremo plan
- need to consider how those outside the state (i.e. bond agencies) regard our financial responsibility

Question from Commissioner O'Connell: What are you hearing about peoples opinion's of the tools outlined in the report?

Mr. O'Rielly: It is generally accepted that people are not willing to pay taxes until they feel spending has been cut to the bone. People want to hang on to their PFDs. People agree that a long term solution is needed.

Question from Commissioner Rogers: It has been suggested that the Legislature repeal the municipal exemption for Sr. Citizen Property taxes and that it be reenacted as a optional municipal program with an option for a lien on property in lieu of taxes. What is opinion?

Mr. O'Rielly: A positive idea in that it pushes the issue to the local level; let seniors work to impact their local governments.

Question from Commissioner Rogers: Do you support enacting all the tools to close the fiscal gap at once?

Mr. O'Rielly: People are interested in a permanent solution to fiscal matters and are willing to pay for it and take drastic measures. Bond rating agencies should be brought into any process.

George Navarre, Kenai

- Permanent Fund Dividends have been sacred cows. We should take the \$575 million and put \$500 million back into government. We should then divide up the remainder into \$100,000 increments and hold a statewide drawing to determine who gets the money.

Rhonda Johnson, Seward

- supports increase in tobacco tax; it would improve our quality of life while closing the fiscal gap.

Bev Dunham, Seward

- supports income tax, also increases in tobacco and alcohol taxes
- income tax a way to pay for services
- do not take a way child care subsidies

Pat Hawkins, Kenai

- cut services and eliminate programs such as the longevity bonus and the Pioneers' homes, then raise taxes
- cut non-mandated local aid programs
- make 15% across the board agency cuts

Question from Commissioner Lincoln: What more information can we get out to the public?

Mr. Hawkins: the public does not believe more funds need to be spent.

Nathan Bailey, Kenai

- supports increase in tobacco tax

Marlene Luke, Anchorage

- feels the result of senior citizen perquisites is to make them wealthy and to price others out of the housing market
- thinks state employees should take pay cut graduated by salary scale

- don't eliminate the PFD, will help pay income tax

Arni Thompson, Alaska Crab Coalition

- feels that proposed increases in taxes are too high, especially in light of the recent decision to create CDQ allocations, thereby reducing the overall catch to the fleet and further reducing the net return of the fishery.

Question from Commissioner O'Connor: Of 57 boat owners represented by Alaska Crab Coalition how many are Alaskans?

Mr. Thompson: Twelve, but the entire fleet for the crab fishery is about 300.

Question from Commissioner O'Connor: What is the value of the vessels?

Mr. Thompson: about \$2million.

Question from Commissioner O'Connor: Why is \$20 million considered too much to pay in fish taxes; a personal property tax on the value of the boat would be more?

Mr. Thompson: While the value of the entire fishery is about \$600 million, the net income is down to about \$266 million. Net return is about 10% and shrinking.

James Nelson, Kenai

- the severity of the gap will require all tools be used to fix it to some degree
- important to protect business, provide value added, and protect our resources as well
- long term plan must provide incentives for business to come here

Paul Fisher, Kenai

- (Responding to the question "why aren't more people here"): Former Governor Cowper did workshop on same question, 140 people showed up, and there were no results from their work.
- government never listens and a sincere effort is hard to believe in.
- the public believes there is not constraint on spending
- the Alaska Science and Technology Fund should not be sacred
- dollars like the Polaris Fund should be invested inside Alaska
- increasing the teaching loan of professors by 3 credit hours would solve the problems of the university

Response from Commissioner Lincoln: we want government to listen.

Response from Commissioner Rogers: also have heard comments that government doesn't listen. Hopes that this commission will be better because it is a joint effort of the administration and the legislature.

Joan Bennett-Schrader, PO Box 1587, Kenai, Alaska

- reference to page 14 of LRFPC Report re: spending cuts.
- concerned that elected local government officials can be members of PERS
- felt the publication of the report and the hearings were too rushed

Request from Commissioner Lincoln: Please provide testimony in writing.

Tuesday

Brian Rogers
Hugh Motley
Marie Westbrook
Arnaldo McConnell
Pat Panchot
Bruce Ludwig

010

7pm - Brian gives overview
- 5 min limit -

8:30 break

Dillingham

Terry Hoekstra

- commend quality report, good summary. AIN 1 pg better
- last 10 yrs / as pop grows & leave more ^{more} jobs don't translate to more st \$
- no tax / - neg tax PD
- Need income tax
- disenfranchised taxpayers when repealed
- inc. tax progressive
- ^{in order:} pers, prop, st. sales tax, others

• PF SB last tinkered w.

• SIZE GOVT:

growing BECAUSE entitlement prog (K.A.B.)

② look e other entitlement programs.

INC. TAX = #1

①
↓
SB needs
based
&
phased
out

Kenai

Vince O'Rielly

- command for work some
- need long term solution
- cut w/o causing decline in economy.
- long term solution: (ie. Kenai)
- 2 1/2 yrs ago talked about Cremo plan
- long term solution
- need to consider how those outside the state regard our fiscal resp.

150 W/101

McConnell Question: do you hear about tools in report?

generally accepted that people not willing to pay taxes - state exp cut to home

PEOPLE HANG ON TO PFD. ^{PEOPLE} AGREE THAT LONG TERM SOLUTION IS NEEDED

Rogers Q: has been suggested
repeal muni exemption +
re-enact as optional muni
program w option of lien in
lieu of taxes

VOR: • Does push it down to local level
- let ses. impact assemblies, etc.
• Feels people will go to great
le

BRQ: endowment approach?
enact const amend.

1. up front
 2. minor taxes
 3. limit div
- haven't been able to get model to work

Public support > do you support enacting
all tools at once?
give up to get there

VOR

People interested in permanent solution to fiscal matters and are willing to pay for it. i.e. least measures

- bond rating agencies s/b brought into process.
- ~~media re: debt capacity~~

BR.

GEORGE NAWANE. KENAI

- No one wants to touch PFD \$575M
- put it back into Gov (\$500). Divide \$75M into \$100,000 increments and then have a drawing for winners

SENATOR RONDA JOHNSON

- supports suggestion on increase in tobacco tax. would help improve quality of life while closing fiscal gap?

BEV DUNHAM

51 yr Resident

- supports income tax. also increase tobacco + alcohol tax
- inc tax is a way to pay for sres.
- do not take away child care subsidies

Pat Hopkins Hawkins

440

(Real Name) ~~Pat~~ ~~Hawkins~~

IC. ALB. Pioneer Hous.

- cut services, eliminate programs
- then raise taxes
- non mandated local aid prog.
- 15% across bd agency cuts

506

Senator Lincoln - ? What more information can we get out there?

- public does not believe more \$ needs to be spent

Nathan Bailey, Kerai

Tobacco Alliance @ Peninsula

- supports inc. tobacco tax

Maureen Luke

- ADFA employee
- lives in coop
- neighbors who are wealthy collect sub, pay no property tax
- real issues = sr. citizens who can add amenities are pricing others out of their homes.
- prob should be tax but people object
- thinks state employees should ~~take~~ take graduated pay car.
- keep PFD to now pay state tax.

665

Leni Thompson AK Crab Coalition
Seattle WA

- AK ST. CHAMBER
- SUPPORTS GOALS OF COMMISSION
- rec. comm. carefully focus
 1. need for adequate key memr
 2. proposed royalty fees:
 - A. small business 90% landed ashore
 - B. subject to taxes landed value \$260M

3. Ltd entry crab fishery approved for Jan or Jul 1997. Taxation doubles when quotas trans. to villages equaling \$40M

Inc. taxes
 alternative could endanger fishery

ACC supports dev. market based crab fishery

* supports 2% of gross rev in context of 1st entry (quota) *
 sustainable revenue source in mgmt fishery

828 Pouchot: how CDQ relate to tax? allocation

Allocation % quota removed from total catch
 216M (-20M)

2.5 allocated to 6 co-ops
 31% ea.
 quantity fish processing co. of vessel

Fleet loses access to

Pouchot

847 PP But no actual change in landed value

851 That's what loss of value to fleet

859

O'Connor

Of 57 boat owners, how many AKS = 18

2M per vessel catch value?

300 full time crab boats - \$600M CATCH VALUE

MC - \$20M too much? pers. prop. ^{tax} more return on inv.

AT: net income down to \$266M. Return about 10% + shrinking.

859

Kerai (Stan Ellison) James A. Jay Nelson

DIVIDED Among 300 Vessels
 Chm. Kerai
 EC Dev. Committee

severity of gap will take all tools to account to some degree
 noteer business, and resources
 long term must provide incentives for

business to come here.

Paul Fischee:

- Why not more people here?
- Cowper did workshop 140 showed up.
- Govt never listens. Sincere effort hard to believe.
- Pub believes there is no constraint on spending
- AS+TF should not be sacred
- Pdavis \$ should be invested inside AK
- teaching load of professors in 3 hrs would solve problems of university.

Lincoln

WANTS GOVT TO LISTEN

ROGERS

also has heard comments that Govt not listening. Hopes that this comm. will be better because Govt is working together.

Joan Bennett. Schreder

P.O. 1587, Kenai, AK

Pg 14: re: spending cuts
concerned that elected officials^{may}
(ie local govt) can be PERS retirees
^{School Eds}
• too rushed to read + comment

Lincoln - plz give testimony in writing.

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**SUMMARY OF PUBLIC TESTIMONY
WEDNESDAY, 13 SEPTEMBER 1995**

The meeting was called to order by Chairman pro tem O'Connor at 7 PM.

Testimony was given as follows:

Rich Kronberg, Anchorage

- Alaska does have a situation, need to cut spending and increase revenue, the question is how.
- Alaska is the #1 tax haven for individuals
- Alaska's youth are at risk
- We must continue to finance education but changes need to be made
- We must preserve the human capital of the state

Dr. Martin Lasser, Craig

- School facilities need investment
- Last years school construction budget was \$400,000; over one-half billion dollar backlog
- Please include need for school construction in final forecast
- Supports investing the permanent fund in Alaska's schools

Charles McKee, Anchorage

- The solution to our problem is territorial mining law
- Intends to mine upper Cook Inlet
- Protests ordinance giving police powers to large corporations

Milton Byrd, President, Alaska Support Industry Alliance, Anchorage

- Commends the commission on its energy but cannot commend report
- Only contribution the report makes is a credible case on the existence of the fiscal gap
- Spending should be cut
- Report seems to focus on raising revenue
- Don't tax, trim government, do not burden the economy
- Young punks need to be jailed and kept there
- Need regulations that are simple
- Reduce and combine state government agencies
- Cut a billion dollars from the budget

Question from Commissioner Nordale: Have you a laundry list of programs to cut?

Response: We have had in the past, we do not now.

Question from Commissioner Nordale: The Commission can use your advice re: excess expenditures; would appreciate having a list.

Response: Every two years we elected officials who then say tell us what to do. That's not our job.

Question from Commissioner Rogers: Any recommendations for specific departments to eliminate?

Response: Departments should be reconstructed rather than eliminated.

Question from Commissioner Rogers: For example, would you recommend elimination of the Department of Natural Resources?

Response: Need simpler regulation. Zero-based government reconstruction is needed.

(Note: written testimony submitted)

Kym Swift, Executive Director, Common Sense for Alaska, Anchorage

- There is a need for prudent state spending
- All of aspects of the state budget should be scrutinized
- Now subsidies are administered on the basis of entitlement, not need
- Urges committee to focus on states problem which is overspending

Question from Commissioner Nordale: You have suggested that the Longevity Bonus be terminated; do you have any other suggestions?

Response: programs should be based upon need.

Question from Commissioner Loescher: Appendix one of the commission's report lays out spending cuts, are there any comments from your organization about those scenarios.

Response: Will have to discuss with board.

(Note: written testimony submitted)

Mike Nelson, Wasilla

- Need to cut bloated state government
- The state should drill for its own oil
- Stop passing unnecessary laws
- Stop the federal government from passing unnecessary laws
- Stop funding boards and commissions

Tom Brennan, Anchorage

- Seconds Dr. Byrd's comments
- Report wrongly accepts the size of government and seeks to find ways to pay for it

Question from Commissioner Rogers: Do you find any of the scenarios in Appendix Two acceptable?

Response: Have not reviewed report, government needs restructuring

Question from Commissioner Rogers: We are looking as private citizens and as members of the commission for ideas. Please help us with ideas for specific cuts.

Response: the issue is not what to cut, but what to keep.

Question from Commissioner Parnell: 1) The report is a composite intended to lay options on the table, and 2) the mission of the commission is to fill the fiscal gap; a drop in oil prices could bring us another gap. How do you recommend we deal with the issue of stability in state revenues.

Response: Forward funding.

Question from Commissioner Parnell: Have you talked as a group (the Alliance) about an endowment approach?

Response: No.

Ann Marie Holen, Anchorage

- Supports increase in tobacco taxes, also alcohol

Jerry McCutcheon, Anchorage

- Maximize revenue, not jobs
- Jobs cost the economy of the state \$10,000 apiece
- There are 17 billion barrels of recoverable oil at Prudhoe Bay even using 1970s technology
- Early APUC report says the state will have lost \$40 billion by 2010 due to not building the gasline
- Where is the 4 billion barrels of extra oil?
- The report did not include AHFC and AIDEA as liquid assets. They should be put out of business and the money given to the permanent fund

Jane Coppenegge, Anchorage

- Supports reinstating the income tax
- Use funds from the permanent fund for research and development and for budget stabilization
- Supports a sales tax which will get tourist dollars

Mary Shields, Anchorage

- Any plan needs legislative support.
- Solutions are zero based budgeting and forward funding
- Alliance (Alaska Support Industry Alliance) has discussed the Cremo plan.
- Legislature needs to consider a long range plan as its primary consideration during the coming session
- Privatize
- Give her a high school graduate that can read
- Increased taxes unnecessary

Question from Commissioner Rogers: How do we convince people that the gap is real?

Response: Need a campaign such as "A Hole in the Bucket". Make departments justify expends. The legislature has been reluctant to look at the five year average price of oil as its basis for spending.

Tina Lindgren, Executive Director, Alaska Visitors Association, Anchorage

- AVA is a private non-profit corporation that contributes to economic development by tourism marketing
- Cuts of over 40% already made
- Now facing greater competition in attracting visitors
- Alaska now ranks 30th in tourism spending
- Of the \$5.4 million mentioned in the report, \$1.4 million comes from industry, which also contributes over \$3 million in goods and services
- Now is not the time to halt investment in the fastest growing segment of Alaska's economy

Don Valesco, Local 71, Anchorage

- Represents state employees
- We don't have a fiscal gap as long as we are putting money in the bank
- We have lots of money - cash reserves, the permanent fund, AHFC, AIDEA, etc.
- Citizens will not believe there is a fiscal gap as long as the state hands out cash and does not tax
- Development only costs the state money (i.e. Fort Knox)
- Be careful about "profitization" of state services
- State employees are not paid as well as oil company employees

Timothy M. Sullivan, Anchorage

- Concerned about the basis of our fiscal future
- What should be done with state assets such as AHFC, AIDEA, etc.? They should continue to provide money to the state; it is ridiculous to throw away our seed corn
- Did not see mention of energy efficiency in report; over \$300 million per year spent in Alaska for energy costs
- Need a long range plan for energy efficiency in state facilities

Larry Baker, Anchorage

- Important that all Alaskans share the pain of budget cuts
- Average wage less that 3 years ago
- Any taxes are harder on the populace
- "We're not wealthy, we're filthy rich". Although we have tremendous needs, we need to scrutinize programs unique to Alaska.

John Harrington, Anchorage

- Cut wasteful spending
- Cap or eliminate the permanent fund dividend
- Initiate a statewide sales tax

- Prefers Scenario #2

Nancy Cuddleback, Anchorage

- Eliminate permanent fund dividend and use to fill gap
- Dividend program attracts welfare recipients

Joelle Hall

- Her generation will be responsible for decisions made now
- Don't balance the budget on the backs of the poor or elderly

Mike Ryan, Anchorage

- Fiscal gap is big threat to our way of life
- Need to cut deeply

Wednesday

ROGERS
LUDWIG
LOESCHER
McConnell

Nordate

O'Connor
Mottley

26 Rich Keorberg, ANCH

- AK does have situation, cut sp/inc revenue - how
- #1 tax haven for individuals
- AK's youth at risk
- must continue to finance education ^{but} changes need to be made
- preserve human capital of state

Dr Martin
Marty Laseer, Craig City Schools

- school facilities need investment
- \$400,000 last yers investment, backlog over \$1 billion
- Craig is prepared to match
- please incl in final forecast
- would invest Perm Fund.

Charles McKee, Anchorage

- solution to problem, territorial mining law.
- intention to mine upper COOK INLET
- has talked to various entities protesting an ordinance giving corporations police powers.

written testimony

Mick Byed, AK Support Industry Alliance

- commend on energy but cannot commend upon
- only contribution credible case on existence of gap
- fuel's spending should be cut

- 2
- REPORT SEEKS TO RAISE REVENUE
 - I. NT TAX, TRIM GOVT, DONT BURDEN ECONOMY
 - YOUNG PUNKS NED TO BE JAILED AND KEPT THERE
 - NEED REGULATIONS THAT ARE SIMPLE.
 - REDUCE, COMBINE, ETC.
 - CUT A BILLION DOLLARS FM BUDGET.

NORDALE: LIST OF PROGRAMS (LAUNDRY LIST)
TO CUT

MB: YES, IN THE PAST NOT NOW

NORDALE: COMMISSION CAN USE YR ADVICE RE:
EXCESS EXPENDITURES. WOULD APPRECIATE
HAVING A LIST.

BYRD: EVERY TWO YRS ELECT OFFICIALS, THEY
SAY NOW TELL US WHAT TO DO. THAT'S
NOT OUR JOB.

ROGERS: ANY SPECIFIC DEPARTMENTS TO ELIMINATE?

BYRD RECONSTRUCT RATHER THAN ELIMINATE

ROGERS IE.
DIR

BYRD • SIMPLER REGULATION. ϕ BASED GOV
RECONSTRUCTION

KYM SWIFT EX. DIR COMMON SENSE

- NEED FOR PRUDENT STATE SPENDING
- SUBSIDIES ADMIN ON BASIS OF ENTITLEMENT
NOT NEEDED

NORDALE: ALB terminated. Any others?

SWIFT: BASED ON NEED

LOESCHER: APPENDIX ONE LAID OUT SPENDING CUTS, ANY COMMENTS FM ORG.

MIKE NELSON, WASILLA

- NEED TO CUT BLOATED GOVT
- STATE DRILL FOR ITS OWN OIL
- STOP PASSING UNNECESSARY LAWS
- STOP FED GOVT FM
- STOP FUNDING COMMISSIONS
- ~~ADDITIONAL CUTS~~

TOM BRENNAN: ANCH

- SECOND DR. BYRDS COMMENTS
- REPORT ACCEPTS SIZE GOVT OK AND NEED TO FIND A WAY TO PAY FOR IT

ROGERS LOOKING AT SCENARIOS, ANY OK?

BRENNAN: NO, NEED FUNDAMENTAL RESTRUCTURING
↓ NOT REVIEWED

ROGERS: LOOKING AS PRIVATE CITIZENS FOR IDEAS. PLEASE HELP W IDEAS FOR CUTS W SPECIFICITY

BRENNAN: DECIDE NOT WHAT TO CUT, DECIDE WHAT TO KEEP

PAENELL: 1. REPORT IS COMPOSITE INTENDED TO LAY OPTIONS ON TABLE

2. MISSION OF COMMISSION TO FILL FISCAL GAP; ^{ALSO COULD HAVE ANOTHER GAP} HOW DO YOU RECOMMEND we deal w stability in state revenues.

BRENNAN: FORWARD FUNDING

Paenell Have talked as group about endowment? No

Ann Marie Holden, ANCHORAGE

- supports increase in tobacco taxes (also Alcohol)

Keey McCutcheon, ANCHORAGE

- maximize revenue, not jobs
- jobs cost us \$10,000 apiece
- 17 billion bbls recoverable oil w 1970s technology
- ~~17 billion bbls~~ gasoline
- APUC STATE LOST \$40 billion by 2010.
- where 4 billion bbls of extra oil
- didn't incl AIDEA + AFE. They should be put out of business and money given to the permanent fund.

JANE COPPENIE, ANCHORAGE

- SUPPORTS REINSTITUTING income tax
- use PFD for R&D + budget stabilization
- Support sales tax which will GET TOURIST \$

MARY SHIELDS, ANCHORAGE

- ^{plan} NEEDS legislative support
- Solutions: Zero based budgeting, move to forward funding
- ALLIANCE HAS DISCUSSED CREMO PLAN
- LEGISLATURE NEEDS TO CONSIDER AS PRIMARY CONSIDERATION.
- Privatize
- K-12, give HS graduate that can read, etc.
- increase taxes - for what

~~NEEDS~~

ROGERS Q: How we convince people that gap is real?

SHIELDS: CAMPAIGN "HOLE IN THE BUCKET"
MAKE DEPTS JUSTIFY EXPENSES.
LEGISLATURE RELUCTANT TO LOOK
AT FIVE YR OIL PRICE AVERAGE.

TINA LINDGREEN, ANCHORAGE

- EXDIR AVA. PRIVATE NON-PROFIT
- ECONOMIC DEVELOPMENT IE. TOURISM MARKETING
- CUTS ALREADY MADE, OVER 40%
- FACING GREATER COMPETITION.
- STATE RANK NOW 30th in tourism spending.
- \$5.4M in REPOS, 1.4M COMES fm industry (contains > \$3M goods + svcs)
- not time to halt investment in fastest growing segment of economy

DON VALEZIO

- REPRESENTS ST. EMPLOYEES
- EMPATHIZE / MANY DIVERSE INTERESTS
- DON'T HAVE FISCAL GAP, PUTTING \$ in the bank
- Perm Fund, reserves, AIDEA, AHFC - lots of \$
- CITIZENS WILL NOT BELIEVE THERE IS FISCAL GAP AS LONG AS STATE HANDS OUT \$ and does not tax them.
- development (ie. Ft Knox) only costs the state money.

DRAFT!!!**Designated Fund Sources**
(shown in thousands)**DRAFT!!!**

<u>Code</u>	<u>Est. Balance 6/30/95</u>	<u>FY96 Budget</u>	<u>Fund Name</u>	<u>Comments</u>
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Federal Funds:

1002	0.0	1,023,153.9	Federal Receipts	
1043	0.0	21,016.5	Public Law 81-874	
1047	0.0	6,310.8	Title 20	
1063	40.0	50.0	National Petroleum Reserve Fund	

University Receipts:

1010	?	2,801.4	U/A Interest Income	
1011	?	19.7	Alaska Advance College Tuition Payment Fund	
1015	?	23,984.8	U/A Dormitory/Food/Auxiliary Service	
1038	?	53,842.2	U/A Student Tuition/Fees/Services	
1039	?	16,273.0	U/A Indirect Cost Recovery	
1048	?	46,638.2	University Receipts	

University receipts are specifically excluded from the
definition of general fund program receipts by AS 37.05.146.

DRAFT!!!

Designated Fund Sources
(shown in thousands)

DRAFT!!!

<u>Code</u>	<u>Est. Balance 6/30/95</u>	<u>FY96 Budget</u>	<u>Fund Name</u>	<u>Comments</u>
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Retirement Funds:

Funds held in trust and used for the management and investment of pension funds.

1029	?	15,634.2	Public Employees Retirement Fund
1034	?	10,086.7	Teachers' Retirement System Fund
1042	?	164.8	Judicial Retirement System

Trust Funds

1037	0.0	0.0	Children's Trust Fund
1053	129,955.0	18.7	Investment Loss Trust Fund
1066	141,030.0	120.2	Public School Fund
1092	200,000.0	952.8	Mental Health Trust Settlement

Consists of appropriations and gifts, grants, etc. Principal is retained in fund. Income is for grants to prevent child abuse. No appropriations ever made to fund - AS 37.14.200

Funds held in trust to benefit participants in supplemental annuity plan. To be spent to hold participants harmless from loss of investments issued by Executive Life of California - AS 37.14.300

Endowment fund from one half of one percent of receipts from management of land including mineral rentals, royalties, sales, etc. Principal is retained in fund. Income is used to support public school program - AS 37.14.110
Includes cash appropriated and proceeds of trust land management. Principal is retained in fund. Income is used to support the trust authority, management of assets, and mental health program grants. - AS 37.14.031

DRAFT!!!

Designated Fund Sources
(shown in thousands)

DRAFT!!!

<u>Code</u>	<u>Est. Balance 6/30/95</u>	<u>FY96 Budget</u>	<u>Fund Name</u>	<u>Comments</u>
Created by appropriation from GF for specific purpose:				
1012	4,596.0	0.0	Railbelt Energy Fund	Appropriated by the Legislature to meet railbelt energy needs.
1019	0.0	100.0	Reforestation Fund	Legislature may appropriate 25% of timber/stumpage sales for reforestation. \$900.0 appropriated so far, remainder goes to General Fund.
1044	11,788.0	80,322.4	Debt Retirement Fund	The same amount appropriated to this fund is appropriated to pay debt obligation of the state.
1056	282.0	0.0	Electrical Service Extension Fund	Fund grants for site prep and construction to extend electric service to private residences and small businesses.
1076	42,142.0	74,347.7	Marine Highway System Fund	Allows the separate accounting of marine highway receipts and appropriations.
1079	1,082.0	3,191.3	Storage Tank Assistance Fund	Identifies funds used for tank tightness tests, site assessments, grants and loans.
1080	0.0	0.0	School Construction Fund	The same amount appropriated to this fund is appropriated to pay design and construction of public school facilities.
1082	0.0	2,000.0	Vessel Replacement Fund	Funds used for refurbishment or replacement of existing or acquisition of additional vessels.
1083	0.0	0.0	Education Facilities Maintenance and Construction	The same amount appropriated to this fund is appropriated to pay major maintenance costs of public school facilities
1085	0.0	0.0	Railbelt Intertie Reserve	
1087	0.0	18,248.1	Municipal Matching Grant Fund	The same amount appropriated to this fund is then appropriated to pay for state share of the capital matching grant program
1088	0.0	1,880.1	Unincorporated Matching Grants	The same amount appropriated to this fund is then appropriated to pay for state share of the capital matching grant program.

DRAFT!!!**Designated Fund Sources**
(shown in thousands)**DRAFT!!!**

<u>Code</u>	<u>Est. Balance 6/30/95</u>	<u>FY96 Budget</u>	<u>Fund Name</u>	<u>Comments</u>
1089	63,891.0	20,785.6	Power Cost Equalization	Capitalize funds to be used for payment to utility companies to equalize power costs throughout the state - AS 42.45.100

Special revenue funds - use of funds specified in constitution or statute:

1008	?	0.0	General Obligation Bonds	
1009	?	0.0	Revenue Bonds	
1014	205.0	358.6	Donated Commodity/Handling Fee Account	Funds from federal agencies to cover costs of distributing federal surplus foods. (USC 7 CFR 250)
1016	0.0	2,847.2	Federal Incentive Payments	
1017	?	4,005.8	Benefits Systems Receipts	
1018	?	0.0	Exxon Valdez Oil Spill Settlement Fund	
1022	?	118,159.7	Corporate Receipts	Appropriations for income generated from state corporations to be used for programs and administration
1023	0.0	90.8	FICA Administration Fund Account	Fund is no longer used. Has a zero balance.
1024	11,884.0	22,012.9	Fish and Game Fund	Receipts from sale of sport fishing and hunting licenses and permits to be used for sport fish and game management. Required for participation in federal programs. (AK Constitution Article IX, sec. 7, AS 16.05.100)
1025	4,800.0	12,508.0	Science & Technology Endowment Income	Income from investment of endowment fund used for administration of the foundation and grants to promote basic and applied research, economic development, technological innovations.

DRAFT!!!**Designated Fund Sources**
(shown in thousands)**DRAFT!!!**

<u>Code</u>	<u>Est. Balance 6/30/95</u>	<u>FY96 Budget</u>	<u>Fund Name</u>	<u>Comments</u>
1027	?	50,017.5	International Airport Revenue Fund	
1030	936.0	2,655.0	School Fund	Proceeds from payment of cigarette taxes, fees, penalties and licenses to be used to rehabilitate, construct and repair school facilities. (AS 43.50.140)
1031	1,894.0	2,831.7	Second Injury Fund Reserve Account	Collections of civil penalties from employer or insurance carrier for employees' compensable injuries. Paid as benefits based on awards of AK Workers' Comp Board. (AS 23.30.040)
1032	7,699.0	1,290.7	Disabled Fisherman's Reserve Account	60% of commercial fishing license fees to be used to pay emergency treatment, transportation, medical care of commercial fishers. (AS 23.35.060)
1033	233.0	274.8	Surplus Property Fund	Receipts from sale of federal surplus property.
1040	410.0	175.3	Real Estate Surety Fund	Payments by licensed real estate brokers and salesmen to be used for payment of claims and real estate educational purposes. (AS 08.88.450)
1041	?	0.0	Permanent Fund Earnings Reserve Account	
1049	54.0	634.4	Training and Building Fund	Interest and penalties for failure to file reports and nonpayment of unemployment insurance fund contributions to be used for training and building acquisitions. Excess funds go to the unemployment trust fund. (AS23.20.130)
1052	65,708.0	15,917.4	Oil/Hazardous Response Fund	Collects the 3 cent/barrel for prevention and 2 cent /barrel for response need
1054	4,154.0	3,781.2	State Employment & Training Program	3/10 of 1 percent of the employees' contribution to unemployment insurance trust fund

- 6
- advocate on right track
 - when cur spending affect quality of life
 - be careful about "militarization" of govt sves.
 - state employees not paid as well as oil co employees

Timothy Sullivan

- concerned about basis of fiscal future
- what S/B done w state assets? ^{ALF, NDEA etc.}
- continue to provide \$ to state
- ridiculous to throw away seed corn
- don't see mention of energy efficiency over \$300m per yr spent in AK.
- need long range plan for energy efficiency in state facilities
- report

LARRY BAKER

- SPECIFICALLY ADDRESS Qs from commission meeting.
- ~~NUMA~~
- important all Alaskans share pain / across the board
- average wage less than 3 yrs ago
- any tax burden on populace
- "Not wealthy, we're filthy rich." Although we have tremendous needs, need to look at programs unique to ALASKA.

JOHN HARRINGTON

- CUT WASTEFUL SPENDING
- CAP PERM FUND OR ELIMINATE
- INITIATE STATEWIDE SALES TAX
- VOTE FOR SCENARIO #2

NANCY CUODLEBACK

- ELIMINATE PERMANENT FUND DIVIDEND AND USE TO FILL GAP
- DIVIDEND ATTRACTS WELFARE RECIPIENTS

JOEL HALL

- HER GENERATION WILL BE RESPONSIBLE FOR DECISIONS IF DECISIONS MADE NOW.
- SHARE CUTS, DON'T BALANCE BUDGET ON THE BACKS OF POOR OR ELDERLY

MIKE RYAN, ANCH

- FISCAL GAP IS BIG THREAT TO OUR ALASKA WAY OF LIFE.
- CUT DEEPLY

TOTAL

9-14-95

258-1261

Fairbanks

Mary Nordale

Juneau

Bon LOESCHER

Maie Westfall

Bruce Ludwig

001

001

Charles Parker, Fairbanks
122 1st Ave #600 99701

TCC

- commend efforts
 - reiterate David Bates re: tobacco tax
 - inc vs. sales tax
↑
prefer
 - S/W real property tax; ^{collection} may exceed revenue
 - fuel taxes will go to those on road system
 - favor alcohol tax, would like \$ to go to taxes.
 - elim MA + rep. hand on \$ to rural AK
 - RDA grants are needed for ec. dev in rural AK, become self sustaining
 - support Long. bonus
 - support any education efforts that
im
- tribes have own opinion about the
ISSUES

BOB LOES. Q.

- Views on quality + funding / changes to rural education
- go along w local residents wishes
do believe quality has improved, acknowledge \$ hard to come by for improvements in language

Mayor Albert Dick

- Council votes for Scenario 2
- 1% sales tax except for DHS
- support inc. cigarettes + alcohol

Georgina Lincoln:

- selected scenario 2?
- discuss taxation

140

Stanton

- billion off budget
- TRS retirees draw as soon as retirement
- UA
- no one working for state should make more than 90% than person above them

Bloggers: court ruling on benefits can't take away benefits
• favor 2 tier system

Nordale Q: support pop driven PFD?
Value spr e market

Adams
woman: u.

214

- ^{supp} tobacco increase
- increase in alcohol tax
- indy tax increase

HUGHMQ: any support for tax higher than \$1-

Kevin Ritchie

- thanks for work
- ~~and~~ ^{cont of mayor} set high priority on working on long range plan
- revenue sharing + municipal asst. nationwide 34% local govt

BRQ

School \$ in 36%

- yes

UNQ: compare AK w OTHER STATES ie. police issued

- needs careful discussion

Laurie Hugonin

Council Domestic
Violence, etc

- favor capping div
- " inc tax
- " slw prop tax
- sales tax after Arch + FBX
- " alcohol + cigs

359

- State should provide safety for its citizens
- AK #1 rape
- concerns about scenario #4
feel ^{safety is} basic need
- Domestic + sexual assault should take priority over fish + wildlife protection

BLQ: agree basic part of pub. safety
turned over to private non-profits
apply to other areas?

Resp: believe they are cost effective and
stretch \$.
could be other areas

448 Peter Ellis, Ktn.

- Report Good start
- inc tax + sales tax cornerstone
- AKs recruit temporary workers
earning \$ in AK and then returning
home.
- inc tax could favor full time ^{ie. credit for utilities} Alaskans
- sales tax could favor " " less in winter

MaryNQ: ^{traditionally}
• sales tax - local govt: should be switch
• assume refunded to local govt

BlogQ: seasonal sales tax (variation)
• larger retailers have to do
major reprog.
• larger durable goods - sales tax
drop → move into Oct

Resp: even %s, computers take care of
problems

LincolnQ - income tax. WHAT CAN BE DONE
TO GET GENERAL PUBLIC TO PUT
PRESSURE ON LEG FOR HEARINGS?
CORDOVA sales tax

644

Resp: develop sales approaches as to why
 need inc tax. re. non-residents
 unaware of cordova, sales tax needs to
 be done on statewide basis
 mail order cos collect sales tax
 Arch + Fox would find it more palatable
 if knew MA + RS flowed that way.

Vernon Marshall, NEA

- produced a lot of good material
- ec. Dev + education
- taxes
- Strong relationship between investment in human resources + economic Dev.
- Principles ~~for~~ ^{for} increased investment
 - \$ s/b directed at need.
 - Accountability
 - Responsiveness to customer needs
 - Performance based mgmt
- believe taxes s/b progressive, uniform, consistent and to not only close gap but meet economic goals of State.
- Should consider ^{inc} sales tax ^{tax} > can be made ^{more} progressive
 - cap dividends
 - credits for poor
 - except drugs
 - food
- exempt used cars from sales tax
- many states taxing mail order
- tax infrastructure important, renew job of collecting taxes
- tax coordination
- privatization is public education

- ~~how~~ why pay operations and profit to private education providers

Bloggs Qs: inc. state funding
fewer school districts?

Resp: deserves serious study, WHERE CHILDREN
exist deserve schooling.

BLQ: Geographic diff updated?

1994 committee report generated

BLQ: ~~no~~ Sometimes costs go down
• hold harmless losing \$ if \$s out of
date

Resp: ~~identify~~ needs and go to work to raise revenue
to meet needs.

BLQ Add dist supp - based on one day
count. Favor more counts for
more realistic counts?

90+ Resp: • yes, need forward funding
• more to school circles i.e. 4y olds ^{for}
enrollment projections

BLQ • retirement benefits TRS vs. other states
new hires 25 yrs for full retirement
25 yrs standard fairly common
• Has data ^{re} retirement

Bobloes Q: looked at proposed u. fn \$
• not prepared to comment

• \$150M need for new schools, how to
fund?

Resp: system depends on ability of schools
to get on list. Safety concern.
bonding + work of districts may help
~~the~~ needs to be looked at.

BobblesQ: local school bds set policy.
governance of schools disjunctive.
how more \$ benefit to customer?

Resp: AK governance similar to most states
many systems new/hier i.e. performance
standards for kids

G.LincQ: taxes -
employment tax?

• discussion ↑

• restructuring id - corespondence students?

Resp: emp tax: believe its regressive ^{make} inc tax

coresp: designed for those not close to
public school; should be ^{revised}

~~questioned ability~~

^{reviewed}
also performance
measures

001

Robert Thibodeau

- Report misnamed.
- how can the gap w/ Hob in bank
- \$43M in perf fund transfers
- programs should be examined to see
if we're getting our money's worth
- budgets should not be decided upon
in caucus
- FBX + ANC sales tax needed.
- Fiscal GAP figment of imagination

G.LincQ: AKs don't believe what we're
trying to tell them. How convince?

Resp: Legislature can take care of; don't
need mandate from people.

MNordale: would you support restructuring of govt? so people can make local choices

Resp: Ineuan unique, unwilling to trust rest of state.

Jamie Cox ^{P.O.} 16213, Two Rivers, ^{AK} 99716

- Alaska wealthy + rich in resources
- need to get the land in the hands of the people
- we don't need regulations, & we don't want to poop in our own nest and so won't ruin it.
- will never support PD cap
- won't support separate accounting
- ERA could be used to fund state govt to some extent
- govt should fund only basic svs
- unorgs pay nothing
- won't support income tax until bal budget.
- no employment tax until curtail welfare
- education local matter, abolish DoEd.
- take another look at Jack Coghill's chairs
- sales taxes regressive
- ~~privatize~~ privatization everything possible.
- wants discussion about vouchers
- benefit pkgs too generous.
- ~~state~~
- get land in the hands of the people

Richard Tseti Juneau

- fish Alaska's standards are degraded because of fiscal gap i.e. poor textbooks, lack of enforcement in com fish
- inc. tax • non-res
- State sales tax, exempt necessities
- perm fund should contribute to running of govt
- fish royalty interesting, fishing ind should pay its way, processors should pay

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