

HCR

1

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 2/8/95

FURTHER:

DATE TURNED INTO OFFICE: 2/9/95

The Finance Committee considered CS HCR 1(FIN)

Creating the Long Range Financial Planning Commission.

and recommends:

- be replaced with _____ CS _____ (_____)
- adopt previous 5 CS CS HCR 1 (3TA)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to the _____ Committee

Senate Bill:

same title
 new title

House Bill:

technical change
 new: SCR# _____

SIGNING WITH RECOMMENDATIONS:	DP	DNP	NR	AM
<i>Steve Meyer</i>	✓			
<i>Roll E. ...</i>		✓		
<i>Daniel ...</i>			✓	
<i>...</i>			✓	
Co-Chair: <i>...</i>	✓			
Co-Chair: <i>Kirk Halford</i>			✓	

NEW FISCAL NOTE(S):

Department	Date	Zero	Fiscal

PREVIOUS FISCAL NOTE(S):*

Department	Date	Zero	Fiscal
<i>LAA</i>	<i>1/31/95</i>		<i>563</i>

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

FISCAL NC

No: 1

NC Bill Version: CSHR 1 (FIN)

BI (H) Publish Date: 2/1/95

PL

STATE OF ALASKA
1995 LEGISLATIVE SESSION

Revision Date: _____
Title: Creating the Long Range Financial
Planning Commission.
Sponsor: Reopresentative Phillios
Requestor: House Finance Committee

Department Affected: Legislative Affairs Agency
BRU: Council & Subcommittees
Component: Council & Subcommittees

COMPONENT SERIAL NO:

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES	0.0	0	0	0	0	0
TRAVEL	27.3	0	0	0	0	0
CONTRACTUAL	23.5	0	0	0	0	0
SUPPLIES		0	0	0	0	0
EQUIPMENT	0.0	0	0	0	0	0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	51.3	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE FUND SOURCE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	51.3	0	0	0	0	0
FEDERAL FUNDS						
OTHER FUND SOURCE						
TOTAL	51.3	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary)

It is anticipated that the Long Range Financial Planning Commission will begin work March 15, 1995. FY95 Commission travel costs for the public and legislative members will be absorbed within existing legislative operating and session budgets. Travel costs for Executive Branch members will be absorbed within their Department budgets. FY 95 Contractor costs will be absorbed within the legislative operating budget.

Prepared By: Karla Schofield, Deputy Director
Division: Administrative Services

Phone: 465-3852

Date: 1/31/95

Approved By: Pamela A. Vami, Executive Director
Agency: Legislative Affairs Agency

Date: 1/31/95

Distribution (by preparer): Leg. Finance, Legislative Sponsor, Requestor, OMB, Gov., & Impacted Agency(ies).

Page 1 of 2

COMMITTEE COPY

Travel

Travel costs for Executive Branch members will be absorbed within their Department budgets.

Estimated travel for Public Members

For purposes of estimating travel costs, 3 members are assumed to be from Anchorage, 3 from Fairbanks, and 3 from Southeast.

8 Hearings, one in each of the following communities - Anchorage, Fairbanks, Juneau, Bethel, Nome, Wasilla, Kenai, Ketchikan.

6 additional Hearings will be held by teleconference. The cost of teleconference meetings will be absorbed within the Legislative Affairs Agency budget.

FY95 Travel Costs	27.8
FY96 Travel Costs	27.8

Contractual

	FY95	FY96
Prof. Svcs. Contract	15.0	15.0
Phones	2.0	2.0
Postage	1.5	1.5
Advertising	5.0	5.0
	<u>23.5</u>	<u>23.5</u>

Supplies, printing, equipment and office space will be provided within existing budgets.

0.0

2/9/95
JFC
Amend. rec.
by admin.
Moved by
Sen Donley
9-LS0021NO
p 2
6-8
Failed
2-5

SENATE CS FOR CS FOR HOUSE CONCURRENT RESOLUTION NO. 1(STA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE STATE AFFAIRS COMMITTEE

Offered: 2/8/95
Referred: Finance

Sponsors: REPRESENTATIVES Phillips, B.Davis, Green, Rokeberg, Navarre, James, Williams, Bunde, Kohring

A RESOLUTION

1 Creating the Long Range Financial Planning Commission.

2 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

3 WHEREAS state spending has exceeded recurring revenue to the state; and

4 WHEREAS the state must eliminate the fiscal gap; and

5 WHEREAS the state is currently forced to deal with an unpredictable and declining
6 revenue stream; and

7 WHEREAS the state must find a means of stabilizing revenue and expenditures at a
8 sustainable level; and

9 WHEREAS the state's system of budgeting and spending must be analyzed and
10 reevaluated by the legislature; and

11 WHEREAS the citizens of the state should have an opportunity to consider these
12 topics, offer comments, and participate in developing a long-range financial plan for the state;
13 and

14 WHEREAS it would be beneficial to the state and its citizens to implement a long
15 range financial plan to promote economic stability by diversifying the state's economy and
16 lessening dependence on oil revenue;

1 BE IT RESOLVED that the Alaska State Legislature establishes the Long Range
2 Financial Planning Commission in order to develop and recommend to the governor and the
3 legislature a long-range financial plan for the state; and be it

4 FURTHER RESOLVED that the commission shall consist of the following voting
5 members:

6 (1) ~~one~~ ^{ten} members of the public, not to include members of the legislative,
7 executive, or judicial branches; the Speaker of the House of Representatives, the President of
8 the Senate, and the Governor shall each appoint ~~three~~ ^{four Gov. 3 HRS.} of these members;

9 (2) two members of the House of Representatives appointed by the Speaker
10 of the House; one member shall be a member of the majority and one a member of the
11 minority;

12 (3) two members of the Senate appointed by the President of the Senate; one
13 member shall be a member of the majority and one a member of the minority; and

14 (4) two members of the executive branch appointed by the Governor; and be
15 it

16 FURTHER RESOLVED that the commission shall select a chair and vice-chair from
17 among the public members of the commission, shall meet as frequently as the commission
18 determines necessary to perform its work, may meet during the interim, and may meet and
19 vote by teleconference; and be it

20 FURTHER RESOLVED that the public members of the commission shall serve
21 without compensation but are entitled to travel expenses and per diem as authorized under
22 AS 39.20.180 for boards and commissions; and be it

23 FURTHER RESOLVED that the commission may hire staff to carry out its duties;
24 and be it

25 FURTHER RESOLVED that the commission shall

26 (1) review and evaluate state fiscal policy and strategy recommendations and
27 assumptions from reports and publications from similar efforts in the past made by the
28 executive branch, the legislative branch, the University of Alaska, nonprofit organizations, and
29 private individuals and organizations;

*Failed
2-5*

*Total
16 members*

1 (2) identify and evaluate all current state income sources and assets, including
2 recurring revenue, reserves, physical resources, and investments;

3 (3) identify and prioritize systemic changes to stabilize the state's revenue
4 stream;

5 (4) identify and prioritize major reductions in state expenditures, to include
6 formula and nonformula programs, and to include proposed consolidation, transfer, or
7 elimination of governmental services or programs; the reductions identified and prioritized
8 under this paragraph must at least equal the current fiscal gap between recurring revenue and
9 recurring expenditures;

10 (5) evaluate forward funding of the budget;

11 (6) identify and prioritize new sources of revenue;

12 (7) project a sustainable long-range financial plan for the next three years, five
13 years, and 10 years, based on a stable revenue stream;

14 (8) evaluate constitutional, statutory, and regulatory language relating to the
15 budget process and recommend changes;

16 (9) consider the division of responsibility for providing services and raising
17 revenue between the state and local governments and evaluate the effect of the long-range
18 financial plan on local governments;

19 (10) submit a preliminary report to the Governor and the Legislature by
20 July 15, 1995;

21 (11) disseminate information and solicit public comment;

22 (12) submit a final report to the Governor and the Legislature by October 1,
23 1995, recommending a long-range financial plan for the state, including specific actions and
24 legislation needed to implement and monitor the plan; and be it

25 **FURTHER RESOLVED** that the commission is authorized to begin work immediately
26 upon the appointment of its full membership or March 15, 1995, whichever date is earlier, and
27 is terminated upon the convening of the Second Regular Session of the Nineteenth Alaska
28 State Legislature.

Alaska State Legislature

During Interim:
716 West 4th Avenue, Suite 510
Anchorage, Alaska 99501-2133
(907) 258-8185
Fax (907) 258-0226

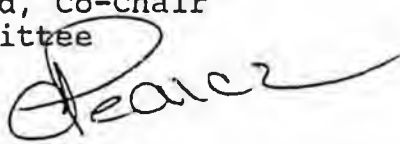


During Session:
State Capitol
Juneau, AK 99801-1182
(907) 465-4993
Fax (907) 465-3872

Senator Pearce
District F

MEMORANDUM

TO: Senator Rick Halford, Co-Chair
Senate Finance Committee

FROM: Senator Drue Pearce 

RE: HCR 1, Creating the Long Range Financial Planning
Commission

DATE: Feb. 7, 1995

Thank you for scheduling SCSCSHCR 1 (STA). I attach for the committee's consideration, the following:

- . sponsor statement;
- . fiscal note (\$51.3);
- . supportive documents from:
 - . Anchorage Chamber of Commerce;
 - . Alaska State Chamber of Commerce;
 - . Alaska Municipal League;
 - . Commonwealth North;
 - . The Group;
 - . Associated General Contractors;
- . supportive editorial from The Anchorage Times.

I look forward to discussing the resolution with the Finance Committee on Feb. 9. If you wish additional information, please advise.

Again, thank you for scheduling SCSCSHCR 1.

Alaska State Legislature

During Interim:

716 West 4th Avenue, Suite 510
Anchorage, Alaska 99501-2133
(907) 258-8185
Fax (907) 258-0226



During Session:

State Capitol
Juneau, AK 99801-1182
(907) 465-4993
Fax (907) 465-3872

Senator Drue Pearce District F

SPONSOR STATEMENT

Jan. 25, 1995

Without a doubt, no subject has been more thoroughly discussed over the past ten years in Alaska than our impending budget Armageddon. Countless speeches have been given and hundreds of debates have taken place. Budget summits have come and gone. And still Alaska does not have a long-range financial plan in place.

SCR 3 (and HCR 1) would change that.

The purpose of the resolution is, simply put, to develop a way to bridge the fiscal gap which we're presently facing and recommend a ten-year financial plan to this legislature in one year.

Prudent fiscal practice demands we face this issue . . . and that we face it now. Additionally, such organizations as Commonwealth North, the Alaska Municipal League, the State Chamber of Commerce, Common Sense for Alaska, the National Federation of Independent Businesses and the Resource Development Council, are backing the concept.

I urge your support of this resolution.



Anchorage - *Star of the North*
Chamber of Commerce

**Anchorage Chamber of Commerce
State Fiscal Plan
Resolution #94/95-6**

WHEREAS the state budget for a number of years has been out of balance by \$200 million to \$600 million a year, and the gap between revenues and expenditures has been made up by drawing against cash reserves accumulated in prior years and against non-recurring receipts such as tax and royalty settlements;

WHEREAS the gap between state spending and unrestricted state revenues, of which over 80% are from North Slope oil production that is in decline, is likely to widen in coming years unless a long-term fiscal plan is adopted and followed by the State of Alaska;

WHEREAS Alaska is like a canoeist paddling down the Niagara River and coming to the Niagara Falls - either the canoeist can portage to the bottom of the Falls (which, for the State, means having and following a plan to bring the budget into balance with long-range sustainable revenues) or the canoeist can go over the Falls at great risk of death or grievous injury (which, for the State means spending on an ad hoc basis without a plan until the cash reserves and other one-time-only receipts are all spent, and then facing the economic consequences all at once);

NOW, THEREFORE BE IT RESOLVED by the Board of Directors of the Anchorage Chamber of Commerce that:

1. It is imperative and absolutely essential for Alaska's long-term fiscal and economic well-being that the state adopt and implement as quickly as practicable a fiscal plan to bring spending into balance with sustainable revenues.
2. In developing a state fiscal plan, the highest priority must be given equally to the twin goals of reducing state spending and stimulating economic development to increase sustainable state revenues.
3. The Legislature and Administration should strive to foster a better business development climate, maintain a stable tax base, investigate business incentives and assure stability in the state's regulatory function.
4. The Legislature and Administration must define and develop additional revenue sources that capitalize on the things Alaska does best—oil

Page 2. Anchorage Chamber Resolution #94/95-6

exploration, fisheries, timber, tourism, air cargo, mining, transshipment, education, inter alia.


5. Only to the extent that spending cuts and new economic development fail to solve the fiscal gap fully should the State consider revenue-raising measures or use Permanent Fund income.

6. Inasmuch as a number of fiscal plans have been proposed but none of them has yet been adopted and implemented, the state must begin immediately a major effort to educate the public through a major all out media campaign about the fiscal gap and the options available to solve that gap, in order to achieve the widespread understanding and consensus needed for any plan to be adopted and carried out.

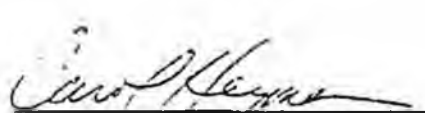
7. Further the Chamber believes such a plan will have the best chance of working if it is put to the vote of the people no later than the 1996 general election. All efforts to develop a plan and educate the public must be planned and scheduled to meet that ultimate deadline.

8. Governor Knowles with the Legislature should take the initiative in starting the process of educating the public and developing a consensus plan; the Chamber calls on all state and local officials to support the Governor's process without political partisanship; and the Chamber calls on its members and on all Alaskans to be involved personally in understanding the nature of the state fiscal gap and the implications of the various options for solving it, and in working to develop a broadly supported consensus plan. This may involve some compromise of local or regional interests for the greater statewide good, but we recall the words of Benjamin Franklin at the signing of the Declaration of Independence: "We must all hang together, or assuredly we shall all hang separately." So it is with the state budget - we must all work together to our collective benefit, or assuredly we shall all suffer separately when the ship of state goes over the Falls.

Approved December 16, 1994



John Ayers 1994-95 Chairman



Carol Heyman President



Anchorage *Star of the North*
Chamber of Commerce

A PROPOSED PROCESS
FOR ALASKA TO ADOPT
A POLITICALLY FEASIBLE PLAN
TO BALANCE THE STATE BUDGET
ON A SUSTAINABLE BASIS
RECOMMENDED BY THE ANCHORAGE CHAMBER OF COMMERCE

Approved January 6, 1995

ISSUE

Alaska's present level of spending is seriously out of balance, a condition that promises to worsen year by year as oil and gas production — which still accounts for \$5 out of every \$6 available for the State to spend — declines. Various organizations have examined the budget crisis, and all have concluded that any long-term solution will require some combination of spending cuts, new revenues (i.e., new or increased taxes), resource development, and redeployment of at least some of the earnings of the Permanent Fund.

Despite widespread political recognition that something has to be done to get state spending into line with sustainable state revenues, this looming crisis has been handled so far — not by adopting and following a plan for transition to a balanced state budget — but by spending cash reserves that were built up in the past.

What Alaska desperately needs is a plan for transition — one that the public understands and which a majority agrees with, and one that elected officials will feel politically "covered" in following.

This paper discusses how such a plan could be developed within the framework of the State's political institutions, how it would be ratified or approved, and how it would work in practice. The actual content of the plan is not a subject for this paper, but is something to be worked out in the course of the process of developing and adopting the plan.

DESIRED OUTCOME OF THE PROCESS

The objective is for the State to develop, adopt and implement a spending plan for FY1997 - FY2002 that moves to a balanced budget with a minimum of economic disruption during its implementation. At the same time, the plan must satisfy a "reality check" for FY2007 to ensure that getting through the next five years is not at the cost of creating an insoluble problem for the five years after that.

Because a constitutionally mandated spending plan is, in terms of political feasibility, one must develop and adopt a spending plan in the context of a process designed to provide the maximum amount of political "cover" for those carrying it out, in addition to being "the right thing to do." Without such "cover," any non-mandatory plan is unlikely to be implemented before the big budget crunch comes.

OUTLINE OF THE PROCESS TO ADOPT A STATE SPENDING PLAN

In designing a process for getting a state spending plan adopted, the key focus must be in providing political "cover" for elected officials both in the process of

developing the particular spending plan, and in the course of implementing it. To ensure there is as much "cover" as possible, the following steps should be taken:

1. *As much as possible, keep the state-budget issue politically non-partisan.*

Any spending plan that is not mandatory under the constitution will be guaranteed to fail if it is adopted on a partisan basis. Whichever party loses in the adoption fight will use it as a campaign issue to try to win power in the next election, and this in turn will deter the winning side from taking any politically difficult actions to implement their plan.

2. *By the end of March 1995, have the Legislature and the Governor start a process that may include legislation as well as the appointment of a "representative commission" of knowledgeable Alaskan leaders to develop a state spending plan through FY2002 (with a look ahead to FY2007), and to present the plan to the Legislature and the Governor by the beginning of the 1996 Legislative Session.*

It is not possible to develop a plan with the necessary statewide public input for the 1995 Legislative Session to act on it. So there is no need to rush the panel to finish their work before the 1996 Session.

3. *Draw the membership of the "representative commission" from all parts of the state, in rough proportion to population.*

Views from all parts of the state must be represented, or else those who feel excluded may well become a source of dissent in the future that makes it politically risky to implement the plan. But one also does not want a commission that is so overloaded with minority viewpoints that it has difficulty reaching consensus similar to that of the public overall.

4. *Require the "representative commission" to hold public hearings around the state, and give them an adequate budget to do so. The panel should coordinate with existing local organizations to have the greatest local participation.*

Again, this is to get as much input into the process as possible. There will be as much buy-in into the results later.

5. *Make the members of the commission do the actual work, instead of giving them staff to do it.*

If the panel members don't have to do the work, most of them probably won't do it. Instead, it will end up being done by their staff, or it won't get done at all. Letting staff do the work defeats the purpose of having leaders from around the state on the panel. The panelists are there because of their individual stature (i.e., ability to influence opinion in their area) and ability, and because they collectively will bring perspectives to bear on the issue that any set of staffers wouldn't be able to match.

6. *The panel's plan must consist of a set of specific budgetary proposals, such as cutting state spending by X% by FY 2002, or re-imposing the personal income tax, or using Permanent Fund income. However, the plan must be presented so as to be contingent upon a favorable vote of the people for it, to be held in the 1996 General Election.*

The importance of having a plebiscite to ratify the panel's plan is of utmost importance in providing the necessary political "cover" to get politicians to support this process, to support whatever plan the panel comes up with, and to actually implement the plan. In terms of their buy-in into the process, they can commit to it without laying themselves open for criticism that the use of a "blue ribbon" panel is elitist. They can respond to such criticism by saying the panel won't be making any final decisions, the voters will.

The special vote is also essential for getting the Governor and key legislative leaders at the beginning of the 1996 Session to publicly commit to pass legislation presenting the panel's plan to the electorate in the 1996 election for ratification. Any potential criticism of a legislator for supporting any element in that plan can be rebutted by saying that he/she does not necessarily support that proposal, but does support letting the voters vote on it.

And, of course, if the voters do ratify the plan in 1996, then legislators can point to that vote to justify their own actions to implement that plan. In response to criticism they might receive for implementing any particular portion of the plan, the legislators can say they are carrying out the will of the people.

There are many details that could be added to embellish the basic idea, including the one in the preceding footnote about enacting implementing legislation that is contingent on the outcome of the vote on the plan in 1996. However, those are details that can be added in the course of carrying out the process. For now, the important things are to adopt the basic idea and get all understand and commit themselves to it.

To minimize criticism for implementing the plan, certain implementing legislation could be passed in 1996 with effective dates contingent on a favorable outcome in the election. Such legislation could include measures for more taxes, for redeploying Permanent Fund Income, and even for the Governor to submit budgets within pre-set targets to cut spending. Enacting such legislation with contingent effective dates could almost completely insulate legislators and the Governor from criticism for enacting those measures. Before the plebiscite, they can say they supported the legislation in order to let the people vote on the spending plan. And after the election, if the plan is approved, the legislation would automatically take effect, leaving nothing that any of them would have to do that could draw criticism.



Anchorage • Star of the North
Chamber of Commerce

January 23, 1995

To: Senator Drue Pearce and Ken Erickson FAX # 465-3872 9 pages
From: Carol Heyman *CH*
Re: State Fiscal Plan

I apologize for not having sent this sooner, overload is something I'm sure you are familiar with.

Some notes of the meeting held on January 5, 1995 at the chamber. Representatives Hanley, Brown and Navarre attended along with about 20 members of The Group, the chamber's State Fiscal Plan Committee and Board members. John Ayers chaired the meeting.

Points Discussed:

- EVERYONE AGREED ON THE NEED FOR A PLAN
- The business community as a strong lobby
- Navarre, Brown focussed on need to raise new revenues
- Legislators agreed lack of understanding of the budget by public and legislators
- Navarre suggested a special session to focus solely on plan
- Hanley thought it might be feasible to have a shorter session and spend last week on a plan
- Groups and chambers can help legislators credibility by publicizing positives, wins not just negatives
- Establishing credibility will be key to getting support for a plan

Unfortunately there were no solutions that came out of the meeting. I am faxing the process paper the chamber approved along with a copy of our fiscal plan resolution and the agenda from the January 5 meeting.

In speaking for The Group and the Chamber we would like to have some representation on any commission or committee you put together. Please let me know if you need a formal written request.

The Group represents 28 Alaska organization with about 70,000 members and the chamber represents about 35,000 employees of 1200 member businesses.

**Anchorage Chamber State Fiscal Plan Committee & The Group
January 5, 1995**

- I. Welcome - John Ayers
- II. Self Introductions
- III. Update on what the Chamber and The Group is doing
John Ayers - Chamber
Carol Heyman - The Group
- IV. Legislator's Point of Views
 - Brown
 - Hanle
 - Navare
 - Parnell
- V. Group discussion
 - Are we on the right path?
 - What more can we do?
- VI. Adjournment

ALASKA STATE CHAMBER • FISCAL NOTES • JANUARY, 1995

Legislative Leaders Agree: Create Long Range Fiscal Plan Commission Now

When the Legislature convened on January 16, it was clear creating a long range fiscal plan was a top priority. House Speaker Gail Phillips and Senate President Drue Pearce introduced identical resolutions creating a Long Range Financial Planning Commission. Representative Ed Willis also introduced a resolution creating a similar commission. Phillips' House Concurrent Resolution 1 (HCR 1) and Pearce's Senate Concurrent Resolution 3 (SCR 3) are scheduled for committee action this week.

Commission Created

The resolutions create a 13-member commission consisting of six public members and seven technical experts from the executive and legislative branches. The public shall be involved in its deliberations. The final report will be submitted to the Legislature by February 15, 1996.

Ten Year Fiscal Plan

The commission is directed to develop a 10-year financial plan that identifies actions to be achieved within three and five years. In developing the plan, they are to:

- Identify anticipated state expenditures and revenues.

- Recommend cuts in state spending, especially in formula-driven programs, to reach a spending level that could be supported by expected revenues. (Formula-

driven programs, or entitlements, are the fastest growing part of the state budget. If you meet a program's eligibility criteria, you are entitled to the benefit. As more people qualify, more money is needed to fund the program, thereby automatically increasing the budget. Examples include the K-12 foundation program which prescribes how state funds are distributed to school districts. As more children enroll in schools, the overall cost of the program automati-

cally increases; the public assistance programs such as Aid to Families with Dependent Children and Medicaid; and the Longevity Bonus program. To make changes in the way most formula programs are structured will require changes in

been set aside and used now to pay for next year's budget. To start forward funding, initially legislators would have to use money from the state's reserve accounts. This contrasts with the current practice of basing the budget on estimates of expected revenues for the upcoming fiscal year.)

Long Range Financial Planning Commission Hearing

House Finance Committee
Statewide Teleconference

Saturday, January 28
10 a.m. to 1 p.m.

Legislative Information Offices
Public Comments Invited

Hearings Scheduled

SCR 3 will be discussed by the Senate State Affairs Committee on Thursday, January 26, at 3:30 p.m. The committee's chair, Sen. Bert Sharp from Fairbanks, expects the committee to approve it that day. It will then go to the Senate Finance Committee for further discussion.

HCR 1 will be heard by the House Finance Committee on Thursday, January 26, at 9 a.m. A statewide teleconference will be held on Saturday, January 28 from 10 a.m. to 1 p.m. Interested Alaskans can listen or testify at the hearing by visiting their local Legislative Information Office (LIO). The LIOs can also provide a copy of the resolutions, as well as other legislation that has been introduced this session.

state law.)

- Recommend new revenue sources; if these include taxes, economic impact must be analyzed.

- Evaluate changes in the way state agencies prepare their budget and how the budget is funded, such as forward funding. ("Forward funding" means the state would base next year's budget on the amount of revenues it collected the prior year. For example, if forward funding was already in place this session, the revenues collected last fiscal year would have

'Fiscal Notes' is a project of the Alaska State Chamber of Commerce. Information is compiled and written for the State Chamber by Cheryl Frasca. Comments and suggestions are welcome. Contact the Chamber's Anchorage office at 278-2722, fax 278-6643.



FISCAL NOTES

A BUDGET UPDATE FROM THE ALASKA STATE CHAMBER

State Budget News for Alaskan Businesses

Nearing the top of the Legislature and Governor's agenda this session is development of a long range fiscal plan. A plan will focus on the fiscal tools that will be used over the next five to ten years to close the widening gap between what the state is spending and the revenues it is currently receiving. Getting a fiscal plan in

place is the Alaska State Chamber's top legislative priority because it will stabilize Alaska's economy and provide a more predictable climate for Alaska's businesses.

To assist Alaska's business community in understanding the debate, the State Chamber will be publishing "Fiscal Notes," a newsletter aimed at providing

understandable information about the budget process, the issues under discussion, and what it all means. It will be important Alaska's business community is heard because any plan will have significant impact on Alaska's business climate and the quality of life for our families and communities.

"Fiscal Notes" initially

will be distributed bi-weekly during the legislative session and distributed to interested Alaskans by fax. As the pace of budget discussions and decision-making increases, so will publication. Comments and suggestions regarding topics that might be of interest to Alaska businesses are welcome.

Alaska State Chamber of Commerce Top Legislative Priority: Fiscal Plan

WHEREAS the Alaska State Chamber of Commerce rates sound fiscal management for the state of Alaska as its number one priority; and

WHEREAS the Alaska State Chamber of Commerce believes uncertainty in the state budget process and state spending has created instability in the business and investment community; and

WHEREAS the Alaska State Chamber of Commerce believes that less taxation is encouragement to surviving our budget deficit situation;

THEREFORE BE IT RESOLVED that the Alaska State Chamber of Commerce asks the Alaska State Legislature and Administration to diligently work together so that state expenditures be reduced by five percent annually, until a sustainable level is reached; and

BE IT FURTHER RESOLVED that the Alaska State Chamber of Commerce recommends innovative solutions be implemented in order to solve the state budgetary problems, including such solutions as developing a long-range financial plan and forward funding for the state's budget.

Adopted December, 1994.



The Touchstone

Volume 4, No. 6

A Newsletter of the Alaska Municipal League

December 1994

Card to him = offer our help etc.

In This Issue

Note from the Director **Page 3**
Changes at the AML office, new municipal program and upcoming events.

Conference Photos **Page 6-7**
Snapshots of delegates from the 1994 Conference.

Position Vacancies **Page 8**
Member communities are looking for a few good people.

New Leaders for AML **Page 9**
Meet your new AML Board and Legislative Committee.

Award Winners **Page 11-12**
Excellence in Local Government Awards are given at the annual banquet.



Jerry Wongttilin, Sr. received special recognition by the Alaska Municipal League for serving as Mayor of Savoonga for 38 years. President Don Long presented him with a Certificate of Appreciation at the Annual Awards Banquet.

AML Board Adopts Priority List

The AML Board has identified six priority issues, the 1995 Municipal Platform, as the focus of the League's legislative program for the upcoming session.

1. Gaining passage of legislation to establish the Alaska Basic Municipal Services (AMBS) Program.
2. Encouraging the Governor and Legislature to undertake long-range fiscal planning, including continued funding for municipal programs.
3. Finding a solution to the unfunded state mandate of the Senior Citizens/Disabled Veterans Property Tax Exemption program.
4. Securing funding for the school construction and maintenance grant programs.
5. Guaranteeing local government involvement in a comprehensive transportation plan.
6. Encouraging the Governor and Legislature to invest state financial resources into development and management of natural resources which will return jobs and revenue to the economic base of Alaska.

AML's legislative program is carried out by the members in conjunction with the Board, Legislative Committee, and staff. The 1995 Municipal Platform and Policy Statement, which is a compilation of the League's positions on a wide variety of topics, will be distributed in early January.



SEASON'S GREETINGS

From the AML Staff:
Kevin, Julie, Jeanne, and Susan

From the AML/JIA Staff:
Steve, Kevin, Eileen, Pam, Rena, Suzanne, and Misty

HAPPY HOLIDAYS!

Municipal Involvement in Statewide Fiscal Planning

The municipalities of the Alaska Municipal League urge the administration and legislature to involve local governments in statewide fiscal planning. Municipalities are political subdivisions of the state and input at the local level is critical to a comprehensive long-range fiscal plan for the state.

Why Involve Municipalities?

The Alaska constitution creates the state and its municipalities as a team that meets the needs of Alaskans. There is no difference between the state and municipalities when considering tax impact or service impact. It makes no practical difference to a taxpayer whether he or she pays tax to a city or the state, nor whether a service is provided by the state or a city. It is merely a question of efficiency and governance philosophy.

Municipalities are critical partners with the state in all economic development. Municipalities have the power under the Alaska Constitution to effectively regulate economic development activities to limit or encourage specific development.

What is the Process?

Involvement of the municipalities has several advantages:

- ♦ cost efficiencies - municipalities can provide local leadership, community organization, professional fiscal and planning services from municipal employees, facilities, technical services, and publicity.
- ♦ real buy-in to the plan - more cooperation will be achieved in establishing and implementing a long-range fiscal plan when there are more people involved in the process.

What is Involved in Establishing a Plan?

1. Determine what services are needed now and in the future and who can best provide them.

A necessary step in streamlining state government is determining what services should be provided by the state and which should be provided by another means.

The 1992 Governmental Roles Task Force Report, which was a joint effort of the Legislature, Office of Management and Budget, and the Alaska Municipal League, is an example of a cooperative effort between state and local government to lay out a reasonable beginning to answer this question. The proposed Alaska Municipal Basic Services Program provides a vehicle to implement a new partnership between the state and its municipalities in the streamlining of state government.

Overview

Alaska Municipal League
1995 Administrative and Legislative Platform

Municipal Stabilization/ Long-Range Planning and Development Package

Municipal Stabilization Plan

Alaska Municipal Basic Services Program and Restoration
of FY 94 Funding for Municipal Aid

Senior Citizens/Disabled Veterans Property Tax Exemption -
Allow Municipalities to Make it a Local Option

Adequate Funding for School Bond Debt Reimbursement,
Construction, Operation, and Maintenance

Long-Range Planning and Development

Municipal Involvement in Statewide Long-Range Fiscal Planning

Municipal Involvement in Statewide Transportation
Long-Range Planning

Municipal Involvement in Development and Management
of Alaska's Natural Resources





Date: January 10, 1995
To: Concerned Alaskans
From: "TEAM ALASKA"
Subject: "TEAM ALASKA" conceptual report
PARTNERING FOR ALASKA'S FUTURE

In Alaska, annual state expenditures now exceed recurring revenues by hundreds of millions of dollars. How do we bridge this growing "budget gap"? The ability of the Alaskan economy to create good paying, long term jobs is running out of steam. UAA's Institute of Social and Economic Research and Commonwealth North recently recommended a combination of budget cuts, increased revenue measures and economic development in all of Alaska's industries to solve these challenges. Of the various tools available, economic development to create new jobs and sustain existing employment has the broadest support. However, it is among the most difficult to achieve.

Alaska faces increasing world competition. A recent Gaffney/Cline study, completed at the State's request, states communication and working relationships between industry and government must improve to optimize Alaska's competitive position. "Partnering" may be one answer to more "win/win" situations for Alaska and businesses, or non-profit organizations working together. "Partnering" could help develop better relationships of open communication, mutual trust and respect.

Commonwealth North recently facilitated a large, diverse group of Alaskans, including individuals not members of Commonwealth North, to assess the concept of "Partnering" as an approach to conducting business that addresses the economic challenges confronting the State of Alaska in the latter half of the 1990's. These men and women representing different industries, native corporations, non-profit organizations, academia, an environmental group, labor and government believe we can define common goals and new ways to work together to solve old problems in our state.

*Co-Chairmen: Governor Walter J. Hickel and the late Governor William A. Egan • Bill McHugh, President
Janith Brady, Vice President • Robert Hatfield Jr., Vice President • Marc Langland, Vice President • James S. McElroy, Secretary
Karen Hunt, Treasurer • Bill Allen • Robert B. Atwood • Richard F. Barnes • Fuller A. Cowell • Governor Steve Cowper • Perry Eaton
Mavis Erix • Lee Grossnick • Archbishop Francis Hurley • James Lawwiler • Loren H. Lounsbury • Jeff Lowenfels • John Morgan
• Cynthia A. Parker • Susan L. Radley • Governor William Sheffield • Ken Thompson • William J. Tobin • Dr. F. Thomas Trotter*



**TEAM ALASKA:
PARTNERING FOR
ALASKA'S FUTURE**

TEAM ALASKA: PARTNERING FOR ALASKA'S FUTURE

INTRODUCTION

In Alaska, annual state expenditures now exceed recurring revenues by hundreds of millions of dollars. Future shortfalls are expected to exceed \$500 million annually. While tourism, fishing, mining, timber, oil and service industries in Alaska provide the state with a diverse economy, one industry, the oil industry, provides 85 percent of state revenue. North Slope oil production is declining.

UAA's Institute of Social and Economic Research as well as a recent Commonwealth North study recommended a combination of budget cuts, increased revenue measures and economic development in Alaska's industries to bridge this growing "budget gap." Of the various tools available, economic activity to create new jobs and sustain existing employment has the broadest support and is least disruptive to individual families. However, it is among the most difficult to achieve.

While opportunities for additional economic development are present, Alaska faces increasing world competition. The Gaffney/Cline study recently issued by the State Department of Commerce and Economic Development outlined some major perceptions of Alaska which reduce the state's attractiveness for investment, reflecting that Alaska is not globally competitive. According to the Gaffney/Cline study, "the single largest step towards improving and optimizing the situation [Alaska's competitive position] would be an improvement in the communications and working relationships between the industry and the government."

It is clear we have reached a turning point. We must take action now to reduce our "fiscal gap" before we use up our reserves and are forced to take draconian measures.

A diverse group of over 50 men and women from all parts of Alaska, representing different industries, Native corporations, non-profit organizations, academia, an environmental group, labor and government recently met in a series of facilitated meetings to provide constructive answers on these issues. This group defined common goals and a vision for sustaining Alaska's economic growth by improving the state's global competitiveness. Economic growth can mean more jobs and increased revenues, other goals that are important in Alaska. We believe that public-

project, the Anchorage International Airport Ramp Rehabilitation and a military construction project on Shemya. The Arizona Transportation Department implemented partnering techniques on road projects in 1991. The result: a significant, 27 percent reduction in the time required to complete projects, reduced costs through value-added engineering and reduced claims and litigation.

While the techniques of Partnering may be more clearly seen in construction projects, Partnering need not be confined to these examples. Partnering approaches could be utilized by the State in larger development decisions involving state lands and resources such as marginal oil fields, timber harvesting, mining or tourism developments. The approach is not necessarily limited to just resource development. Partnering can be used to improve the delivery of services and programs by the state and by non-profit organizations.

DIRECTION FOR "TEAM ALASKA" – VISION, VALUES, STRATEGIES

In a series of open discussions involving all members, the diverse team reviewed the concept of partnering and partnering examples to define a Vision Statement, Values and key Strategies for partnering in Alaska. This conceptual framework could be used by government, industry and non-profit organizations for guidance when specific projects in any industry are selected for partnering. The details or tactics for each project are best determined and tailored for that specific project in open, partnering discussions.

Vision

Alaskans working together to make sure our state is the best possible place in which to live and to work, and to provide an exciting land of opportunity for ourselves and our children.

This would be accomplished through "Team Alaska," a partnership of the people of Alaska – individuals in public and private life, representing government, business, labor and non-profit organizations – committed to cooperating with each other to find new ways to achieve common goals.

These common goals include sustained economic development, the creation of jobs and balanced state revenue and spending, all with high standards of environmental sensitivity and protection.

In a changing world, achieving these goals will require developing in Alaska an investment climate capable of meeting global competitive challenges.

- Provide key stakeholders with an opportunity to be heard and to have their concerns considered when establishing individual project goals.
 - Provide for public disclosure of all information, except that which would reduce the competitiveness of the participating partners.
 - Provide for oversight of confidential information and negotiations with a representative of the broad public interest.
 - Ensure that the benefits of partnering projects are equitably distributed among stakeholders.
 - Routinely conduct and publish third-party reviews of project results which compare those results to the goals established for "partnership" projects.
3. Maintain high standards of environmental sensitivity and protection, and of worker health and safety.
 4. Publicize partnering successes nationally and internationally in order to encourage additional investment in our state.

ALIGNMENT AND MOTIVATION FOR PARTNERING

Instituting partnering within Alaska will require the alignment of many diverse groups. Consideration of groups which may be affected by a partnering project must be carefully thought through, and those key stakeholders involved in early discussions. Involvement and a chance to provide input are key to making partnering projects happen successfully. The benefits to partnering must be assessed. Likewise, potential barriers or problems of partnering must not be overlooked, and should be openly discussed and addressed.

Benefits of Improved Public - Private Partnerships

- Partnering will increase investment in the Alaska economy, creating jobs, wealth and opportunity for the state, its people and the companies that do business here.
- Partnering provides an enhanced opportunity for the state, Alaska communities, non-profit organizations and other interest groups to play a more influential role in attracting and in shaping economic development.

- Competing and conflicting regional, social, political and economic interests make it difficult for the Legislature to reach consensus on dramatic measures aimed at significantly improving Alaska's investment climate.

Partnering can involve legislators along side the executive branch in working with industry, with all endorsing initiatives up front.

- State, local and federal agencies are sometimes reluctant to coordinate permitting activities or relinquish regulatory authority. As a result, industry and the public must deal with multiple enforcement agencies and regulators with overlapping authority and variations in interpretation of regulations.

Partnering can allow government and industry to assess key work and regulatory processes and work together for common win/win solutions which improve and streamline regulatory processes while bringing greater consistency to interpretation of existing regulations.

- Government and business leaders are reluctant to engage the media. The press sees no role for itself in encouraging economic development, but often focuses on the objections and conflicts surrounding business projects.

Partnering can be an open process, affording the media an opportunity to communicate the goals, the costs and the benefits of a partnership project.

NEXT STEPS – WHAT IS NEEDED?

The needed change in Alaska must involve a commitment by our top leadership in early 1995. For the state, this approach must be endorsed and pursued by the Governor. Department heads must "buy-in" to the approach and communicate it down the line. But, ultimately the person on the ground making the daily decisions, implementing the programs, overseeing the contracts must be given the authority and the motivation to pursue this new approach.

It is not just state action and leadership that is needed. Industry leaders must also endorse and pursue this partnering approach. The partnering approach by definition depends on more than one party. The private sector needs to approach the public sector with much more openness and understanding of the requirements and goals of government. Citizen groups, environmental groups, labor unions and other "stakeholders" must be included and come prepared to share, communicate and work toward mutual goals.

"TEAM ALASKA" PROJECT STUDY TEAM MEMBERS

NAME	COMPANY
Jacob Adams	Arctic Slope Regional Corporation
Bill Allen	VECO International, Inc.
Eleanor Andrews	The Andrews Group Company
Beverly Beeton	University of Alaska Anchorage
Steven D. Berkshire	Alaska Pacific University
Eugene Bjornstad	Chugach Electric Association
Deborah R. Bonito	The Sourdough Mercantile
Jerry Booth	Cook Inlet Region, Inc.
Judy Brady	Alaska Oil and Gas Association
Bob Bulmer	Executive Search
Ronnie Chappell	ARCO Alaska, Inc.
Stephen Cowper	Tradelink Alaska
Louann Cutler	Preston, Ellis, Gates
Robert Dickson	Atkinson, Conway and Gagnon
Mano Frey	Alaska State AFL-CIO
Joe Griffith, Jr.	Chugach Electric
Dave Hanson	Arktos Associates
Tom Hawkins	Bristol Bay Native Corporation
Joseph Henrie	Southcentral Timber Development
Max Hodel	Office of the Governor
Mark Holland	Exxon Company USA
Barbara Huff Tuckness	Teamsters Local 959
Roy Huhndorf	Cook Inlet Region, Inc.
Nancy King	
Richard J. Knapp	Alaska Railroad Corporation
Gayle Knepper	Charter North
Jack Kruse	UAA/ISER
Ron Kukes	First Interstate Bank of Alaska
Marc Langland	Northrim Bank
Harriet Lawlor	ASEA, AFSCME Local 52
Pete Leathard	VECO International, Inc.
Norman Levesque	Alaska Municipal Bond Bank
James Linxwiler	Guess & Rudd
Jeff Lowenfels	Yukon Pacific Corporation
Sharon Macklin	Sharon Macklin - Government Relations
W. Paul Martin, Jr.	Locher Interests LTD
Sue Mason	Atkinson, Conway & Gagnon
George Masten	ASEA, AFSCME Local 53
Henry I. McGee	ARCO Alaska, Inc.
William V. McHugh	Yukon Pacific Corporation
John Morgan	BP Exploration (Alaska), Inc.
Boyd Morgenthaler	Adams, Morgenthaler and Company
Larry Ostrovsky	State of Alaska, District Attorney
Jim Palmer	BP Exploration (Alaska), Inc.
Paul Richards	Alyeska Pipeline Service Company
Kelly K. Robertson	Commonwealth North
James Rooney	R & M Consultants, Inc.
Susan Ruddy	The Nature Conservancy
Pat Salvucci	Ribelin, Lowell & Company

THE GROUP
MEMBERSHIP LIST

Alaska State Chamber of Commerce
Alaska Air Carriers Association
Alaska Coal Association
Alaska Dental Society
Alaska Forestry Association
Alaska Hospital Association
Alaska Independent Insurance Agents and Brokers
Alaska Miners Association
AOGA
Alaska Outdoor Council
Alaska Society of CPA's
Alaska State Medical Society
Alaska Truckers Association
Alaskans for Liability Reform
Alaska Support Industry Alliance
Anchorage Board of Realtors
Anchorage Chamber of Commerce
Anchorage Home Builders Association
Arctic Power
AGC
CHARR
Common Sense for Alaska
Commonwealth North
Downtown Anchorage Association
National Association of Women in Construction
Resource Development Council
Seaplane Pilots Association

Ribelin Lowell Company

F
My desk
I want to
review.

September 26, 1994

Representative Gail Phillips
Alaska State Legislature
P.O. Box 3304
Homer, AK 99603

RE: "The Group" - Informational Breakfast of 9-22-94

Dear Representative Phillips,

Per our conversation last Thursday, I am forwarding a copy of the speech I gave at the breakfast sponsored by "The Group" last week at the Anchorage Hilton. Please do not hesitate to contact me if you would like to have any further discussion.

Please accept our thanks for attending the breakfast. We were pleased to have you there to listen to our comments and hope that you took away some new information.

Again, thank-you.

Sincerely,

Linda S. Hall

Linda S. Hall

Enclosure

1973-1994

16

YEARS OF
EXCELLENCE

"THE GROUP" - Breakfast, September 22, 1994

Linda Hall

My remarks today will deal with what we have labeled as the "service sector" of Alaskan commerce. The service sector represents industries such as real estate, banking and insurance which provide intangible services as opposed to dealing with products or processes. The complex nature of these segments has resulted in complex regulatory systems that require significant expenditures of both time and money.

In the service sector, the regulations promulgated from Alaskan Statutes deal primarily with licensing, substantial reporting requirements and mandating acceptable business practices. In the insurance industry, licensing alone can become very costly as various examinations are required and fees are charged for each license. Reporting requirements in all service segments mandate time and money be invested. There needs to be assessment of this role of data acquisition. A review of the relevance of the data required and its ultimate use should undergo a cost/benefit analysis. Collecting data for its own sake is a waste of resources.

There is frequently a compounding effect of regulations as they are promulgated from year to year with the enactment of new legislation. Taking a comprehensive look and finding duplication and redundancy in regulation will result in a more streamlined process. Clear and concise regulatory language is an absolute necessity to assure consistency in interpretation. We cannot operate in a business environment where interpretation changes within the various agencies and with changes in personnel.

Each segment of the service sector contributes to the Alaskan economy by producing a stream of revenue to the general fund, by producing jobs and by facilitating the flow of commerce. The impact of the insurance industry alone on the Alaskan economy is shown by the contribution of over \$26,000,000 in premium taxes and in excess of \$5,000,000 in fees generated as income to the general fund. This total in excess of \$31,000,000 makes the insurance industry the 4th largest source of revenue to the general fund. While this is a long distance from the top revenue source, it remains significant. There are in excess of 6,000 licenses issued to insurance producers and over 1,000 companies licensed to do insurance business in Alaska.

Regulation can stifle these types of industry. Does it make sense to charge \$50 for being 1 day late in reporting a change in telephone numbers? Does it make sense to require 2 notices of identical information for certain insurance placements? As we face increasing numbers of regulations, the burden becomes overwhelming.

If regulations are not kept reasonable and workable, the service segments of the economy will shrink as the cost of doing business becomes too great. We need to foster growth in the service segment of the economy to ensure the continuation of the vital functions it performs. Regulations need to be inventoried by each state agency to determine both the need for the regulation and to ascertain that the time and expense of compliance is justified.

**Testimony Before
THE HOUSE FINANCE COMMITTEE
Saturday, January 28, 1995
Regarding HCR 1**

**Testimony by
Nancy Schoephoester
Representing
Anchorage Chamber of Commerce, Fiscal Plan Committee
The Group**

Good morning. My name is Nancy Schoephoester and I am here today representing the Anchorage Chamber of Commerce, Fiscal Plan Committee and an organization known as The Group which is comprised of 27 associations and other statewide affiliations interested in the common goal of the development and implementation of a long range financial plan. A list of the membership of The Group is attached.

I am also submitting with this testimony a resolution from the Anchorage Chamber of Commerce and a proposal, also recommended by the Anchorage Chamber of Commerce, outlining a process for the development of such a long range financial plan.

The Anchorage Chamber of Commerce and The Group heartily support the development and implementation of a long range financial plan. Alaska's present level of spending is seriously out of balance. Current revenues are no longer sufficient to fund our state budget at current spending levels and haven't been for a long time. Statewide conferences have been held and recommendations made to close the budget gap. Popular wisdom is that it will take a combination of spending cuts, new revenues (including tax revenues), resource development and possible use of Permanent Fund earnings to pull the state out of its fiscal dilemma.

Toward that end, the Anchorage Chamber of Commerce and The Group support House Concurrent Resolution No. 1, with 2 exceptions:

- 1) We would like to see the 18 member Long Range Planning Commission be less heavily weighted with technical expertise. While technical expertise is certainly needed, we would rather see only 3-4 technical individuals as voting members of the Commission, with the others available and participating as non-voting members. Members of the public and legislators would fill the other seats on the Commission.
- 2) We would like to see the Commission on a faster track, with a report back to the legislature by October 1, 1995. The interim between sessions could then be used for additional public input.

In conclusion, The Anchorage Chamber of Commerce and The Group would like to have the opportunity to submit names for inclusion as Commission members.

Thank you.

Post-It™ brand fax transmittal memo 7671		# of pages	8
To	LOUANN CHRISTIAN	From	NANCY SCHOEPHOESTER
Co.	HOUSE FINANCE	Co.	
Dept.		Phone #	263-4655
Fax #		Fax #	



ASSOCIATED GENERAL CONTRACTORS of ALASKA

4041 D STREET • ANCHORAGE, ALASKA 99503
P.O. BOX 240609 • ANCHORAGE, ALASKA 99524-0609
TELEPHONE (907) 561-5354 • FAX (907) 567-6118

2. Feb. 1995

To
State of Alaska Legislature

Hon. Drue Pearce	Senate President	FAX 465-3872
Hon. Rick Halford	Senate Majority Leader	465-4928
Hon. Gail Phillips	House Speaker	465-3472
Hon. Al Vezey	House Majority Leader	465-3258

Subject: Long Range Financial Planning Commission

Ref. HCR 1


Dear Legislator:

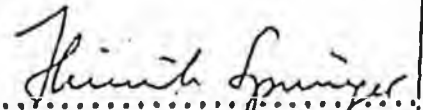
We are in full support of such a commission and applaud your efforts to address the long-term financial situation of the State.

As one of the nine members from the public we strongly recommend RICHARD CATTANACH for your serious consideration. Mr. Cattanach, from Unit Co. in Anchorage, has a lot of experience in commerce, construction, banking, development and political considerations and would be a real asset to such a commission. He has the right personality, education, background and energy and can devote sufficient time to this task. Above all he has the trust and respect of his peers and people he comes in contact with.

We think that you all know him personally and he would be glad to answer any questions or submit a resume if desired.

Sincerely,


.....
Tim Brady, President


.....
Heinrich Springer, Exed. Director



ASSOCIATED GENERAL CONTRACTORS of ALASKA

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P.O. BOX 20649 • ANCHORAGE, ALASKA 99524-0649
TELEPHONE (907) 561-5254 • FAX (907) 562-6118

2. Feb. 1995

To

The members of the Alaska Legislature:

We are in full support and our 570 members join with "The Group" to encourage you to develop a fiscal long range plan for the State of Alaska and address the many aspects of our cumbersome regulatory system.

Tim Brady
.....
Tim Brady, President

Greg Romack
.....
Greg Romack, Vice President

Heinrich Springer
.....
Heinrich Springer, Exec. Director

Post-It™ brand fax transmittal memo 7671		# of pages > 1
To <i>Sen. Steve</i>	From <i>Heinrich Springer</i>	
Co.	Co. <i>AGC</i>	
Dept.	Phone #	
Fax # <i>907-465-3872</i>	Fax # <i>562 6118</i>	

1/3/95

The Anchorage Times

Publisher: BILL J. ALLEN

"Believing in Alaskans, putting Alaska first"

Editors: DENNIS FRADLEY, PAUL JENKINS, WILLIAM J. TOBIN

The Anchorage Times Commentary in this segment of the Anchorage Daily News does not represent the views of the Daily News. It is written and published under an agreement with former owners of The Times, in the interests of preserving a diversity of viewpoints in the community.

Money matters

1995 BRINGS Alaska a new Legislature, a new administration and, hopefully, a new resolve to finally come up with a better way for the state to manage its finances.

Since the gush of oil revenues began filling state coffers in the '70s, the rule of thumb has been to spend as much as we had — and then some. In years when there wasn't enough to go around, the principle of beg, borrow and steal took precedence.

The state has been able to bounce along in recent years by tapping savings accounts, reaping the rewards of billion-dollar back tax settlements with oil companies and by over-generously guesstimating annual oil prices and then using supplemental budget requests to make up the difference. Other help has come gratis in the form of financial windfalls from unanticipated events like escalating oil prices as the result of a foreign war and a massive oil spill bringing in billions to the state economy.

The truth, hidden amid all these gyrations, is that Alaska is in a financial squeeze. Annual revenues to the state lag behind expenditures by hundreds of millions of dollars.

Most Alaskans are beginning to recognize the state has a serious fiscal gap. It is now in the neighborhood of a half-billion dollars a year. As oil production decreases in the coming years, the gap will widen. The question is, what do we do about it?

The new leaders of the state House and Senate and the new governor have voiced support for another statewide commission being formed to advise government on the best course to follow.

THE IDEA has merit — provided the commission's assignment is clear and simple and it is given a quick deadline to produce a concise recommendation.

There is no need to review what we already know. The state's choices are to cut spending, cut or cap dividends, raise new taxes, or a combination thereof. The decisions ultimately must be made by the governor and the legislators.

The task of a citizens blue ribbon panel should be to assist the process with a recommendation on how the state can force constraints on itself. Various proposals — from the so-called Cremo plan to forward funding to five-year averaging — have been discussed. Many more are out there.

The goal for a commission should be to pick the best option, get as much public understanding and support for it as possible, then get state government to act on it. It may be a plan that requires another constitutional amendment. If so, it should be ready for the 1996 ballot.

The timing couldn't be better for Alaska to get its financial house in order. The new year brings new people in government, new ideas, renewed commitment — and great hope for the future.

SENATE COMMITTEE REPORT

DATE: 2/2/95

FURTHER: Finance

DATE TURNED INTO OFFICE: 2-8-95

State Affairs Committee considered CS HOUSE CONCURRENT RESOLUTION NO. 1 (FIN)
 Creating the Long Range Financial Planning Commission.

PHfn

and recommends:

- be replaced with ^{a STA} SENATE CS. for CS HCR 1 (STA)
- adopt previous ___ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to the _____ Committee

Senate Bill:
 same title
 new title
 House Bill:
 technical change
 new: SCR# _____

SIGNING WITH RECOMMENDATIONS:	DP	DNP	NR	AM
<i>Bill E. Hill</i>		✓		
<i>David Dwyer</i>			✓	
<i>John Blum</i> - <i>needs change in Appointment of Commission</i>		✓		
CHAIR: <i>Bob Murray, Chair</i>			✓	

NEW FISCAL NOTE(S):

Department	Date	Zero	Fiscal

PREVIOUS FISCAL NOTE(S):*

Department	Date	Zero	Fiscal
<i>LAA (House)</i>	<i>1/31/95</i>		<i>51.3</i>

FY96

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill