

ALASKA LEGISLATURE SPECIAL COMMITTEE/SUBJECT FILES 8672

2394 SCOMM 101 LONG RANGE FINANCIAL PLANNING COMMISSION, 1995

CONCLUSION

The relationship between education spending and economic development is not a simple one, but rather one which involves a series of complex interrelationships. In exploring the connection between the two, we have come to the conclusion that there are no easy answers to the question of the impact of education spending on economic development.

On the one hand, it is clear that investments in education can have a significant impact on long-term economic health. Scholarly research has demonstrated a significant relationship between education spending and both future earnings (at the individual level) and overall economic growth (at the aggregate level). In addition, studies of business location decisions indicate that an educated work force is one of the most important site selection factors, especially for growing companies. Moreover, in an Information Age economy that increasingly places a premium on skilled workers, gross underfunding of education in certain districts has serious consequences for both the life chances of disadvantaged students and the overall quality of life in the larger community.

On the other hand, the on-going debate about the link between education spending and student achievement raises the issue of how efficiently education dollars are spent currently and whether education spending really "matters." While recent research cautions against a simplistic conclusion that "money doesn't matter," this research is equally clear in noting that simply investing more in education--without changes in the way education dollars are spent--will not alone lead to greater student outcomes.

Therefore, we conclude that a state's or region's economic health is best served by a common sense view that seeks out a "middle way" between these two extremes. In other words, education spending must be increased, especially in poorer districts, if we are to provide all students with an equal opportunity to learn the skills required for success in the New Economy. Yet, to gain the maximum impact from increased education investments, whether the goal is to educate gifted students with world-class mathematics skills or to help disadvantaged students to finish school, these investments must be made wisely. Cities and states can make wise choices by looking at education spending as one of the most critical investments in long-term economic health.



September 15, 1995

The State of Alaska Long-Range
Financial Planning Commission
716 W. Fourth Avenue, Suite 470
Anchorage, Alaska 99501

Dear Commission Members:

Thank you for the opportunity to submit written testimony regarding the Commission's preliminary report on Alaska's fiscal gap. I know each of you has spent many long hours studying the State's financial condition and proposing various scenarios for public and legislative consideration. On behalf of the Alaska State Council on the Arts and as an Alaskan resident, I want to say thank you for your hard work. It is a difficult task at best and one that may never receive the amount of appreciation it well deserves.

Certainly, one of the most difficult and controversial questions the Commission faces is what services should be funded, and which should not? As Chair of the State Arts Council, I noted in your report that several of the scenarios show privatization of the council. As you might anticipate, I have serious concerns about that option.

As indicated in the attached "testimony," continued state funding is necessary for two reasons: 1) it is unrealistic to believe the private sector can sustain the arts without public assistance; and 2) without state support, it is difficult to leverage funding from other sources.

Please know that the Council understands the seriousness of the gap and is itself examining other funding options. In fact, we are planning a Governor's Conference on the Arts on December 1 and 2 for the purpose of developing and setting a direction for the future of the arts in this state. I invite any and all of the Long-Range Planning Commission members to attend and participate in this conference.

If you have any questions regarding my testimony, please feel free to contact me at 561-4488. Again, thank you for your many long hours of service and your commitment to the state.

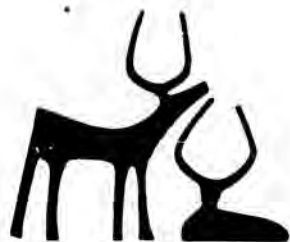
Sincerely,


Bonnie L. Bernholz

Chair, Alaska State Council on the Arts

Alaska State Council on the Arts

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Testimony from Bonnie Bernholz, Chair, Alaska State Council on the Arts
before the State of Alaska Long-Range Financial Planning Commission

September 13, 1995

Thank you, Commission members. Based on your report, I have divided my written testimony into four parts:

- 1). A brief background on the history and mission of the Alaska State Council on the Arts;
- 2). Potential Federal Budget Impact on the Council;
- 3). Principles for State Expenditures on the Arts; and,
- 4). Long Range Revenue Options for the Council.

Background

The Alaska State Council on the Arts (ASCA) was established in 1966 by Governor Bill Egan, long in advance of the first oil discovery in Prudhoe Bay. In the Council's first budget year, it received \$18,835 in state appropriations and \$35,943 in federal appropriations, for a total budget of \$54,778.

Since that time, the Council has received a maximum state appropriation of \$4,975,800 in FY83 with a federal match of \$839,300. These state and federal funds continue to be used by the state to provide programs, services and grants to artists and arts organizations throughout the state. Each federal dollar is matched by the state, and each granted state dollar is in turn matched by local government and/or private dollars.

ASCA's mission is to encourage all aspects of the arts statewide by securing and dispersing state and federal funds. We do this in a way that fosters excellence, respects diverse cultural artistic expression and enriches the human spirit. It is the purpose of the council to integrate the arts into the lives of all Alaskans by administering grants and providing arts education and technical assistance.

During the past several years, ASCA's budget has been drastically reduced. Its FY95 budget was cut 21 percent (compared to the State's overall operating budget, which was cut 4.5 percent). Its FY96 budget was cut another 32 percent.

Alaska State Council on the Arts

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Based on the most recent national comparisons compiled by the National Association of State Arts Agencies (NASAA), in FY94 ASCA received 0.0330 percent of the state's general fund. This compares to a national average of 0.0719 percent. In FY95, Alaska was one of 16 states to receive decreased state funding with only the District of Columbia receiving a larger decrease. According to NASAA, updated 1995 appropriations figures for state arts agencies confirm a 5 percent increase over last year. This is the second consecutive year that aggregate appropriations to state arts agencies have increased. With the abovementioned 16 exceptions, states are demonstrating widespread support for the arts by maintaining their commitment through the tough economic times and slow recovery of recent years.

Potential Federal Budget Impact on the Council

As you aware, there has been a great deal of controversy surrounding the reauthorization of the National Endowment of the Arts (NEA) and its budget. While the long-term future of this agency is in grave danger, even its short-term future presents a significant difficulty for Alaska. Although a final budget number has not yet been reached through a House-Senate conference committee, it is expected that even if the Senate's budget number is adopted, the NEA still suffers a 30 percent budget cut. What does that mean to Alaska? For every \$ 1 million cut from the NEA's budget, it means approximately \$5,000 less to ASCA.

These budget cuts become even more critical in light of the state's contribution. Between FY89 and FY94, NEA grants through ASCA grew from \$486,908 to \$661,900 – an increase of 36 percent. During that same period, the Council's contribution from the state fell 38 percent.

Concurrent to the NEA's budget cuts, however, is increased Congressional focus on giving more financial authority to the individual state arts agencies. This means that while the total overall dollars allocated to the NEA may be less, a higher percentage of the funding will go directly to ASCA. Elimination of ASCA would result in this state's inability to receive these federal funds.

Principles for State Expenditures on the Arts

All too frequently, "the arts" are perceived as takers, but not necessarily givers. Yet, the arts represent a substantial industry within the state, and are rapidly becoming an area of continuing economic growth, especially with the advent of cultural tourism. According to the state's Division of Tourism, the number of visitors to Alaska between 1992 and 1994 who sought out a cultural experience increased by at least 27 percent. Without question, increased emphasis and marketing of cultural experiences and events in Alaska could increase visitors and, thus, revenue to the state.

It is imperative for this state to find ways to diversify the economy and to continue to support those industries with a proven economic track record. The following, based on a McDowell Group study, are some of the quantifiable economic impacts of the arts.

- Nonprofit arts directly and indirectly supports approximately 1,300 jobs in Alaska with a total payroll of \$8.3 million.
- Nonprofit arts organizations receive \$12.6 million in grants, revenue and donations. As a return on this investment, arts organizations held 3,000 events, generating more than \$23.5 million of spending in Alaska.
- A conservative estimate shows that there were \$1.5 million admissions to arts events in Alaska in FY94.
- The thousands of volunteers, who donate time and labor on behalf of nonprofit arts organizations, provide a measure of just how valued these institutions are in our communities.

One area not explored within the Commission's report that deserves further examination is that of intra-state agency partnerships. In many states facing similar budgetary restrictions, successful new programs have been forged within various agencies. For instance, the Kansas Arts Commission's Arts in Education Program serves an increasing number of identified groups of at-risk children. Some projects include a dance company that works with children of substance-abusing mothers in halfway house; classes given at the Wichita Center for the Arts for kids who have gotten in trouble for bringing weapons to school and a partnership with Social and Rehabilitation Services to support artists in residence at four Youth Centers, which are state juvenile detention facilities.

Another example is the Wind River Health Promotion Program, which has received funding from the Wyoming Arts Council, HUD, Fremont Counseling and the state Division of Behavioral Health for a multifaceted prevention program targeting young people under the age of 21 and their families. This program provides cultural activities using tribal elders as teachers, role models, and mentors.

As you might imagine, there are many, many more examples of interdepartmental programs that reduce spending without compromising or losing valuable programs.

Long-Range Options for the Arts in Alaska

As I indicated earlier, although I understand the Commission's suggestion to privatize the Council, I don't believe it is a realistic scenario.

Catharine Stimpson, director of the MacArthur Foundation's fellowship program, says it is "dangerous wishful thinking" to believe that private funds can replace government grants. She says, "The assumptions are that the foundations are these endless wells. Can the foundations do it? No."

Informal polling of some of the key private sector contributors in Alaska indicates that it would be difficult, if not impossible, to completely replace government funds. Most of those involved in the arts believe that an attempt to privatize would collapse without joint support from both the public and private sectors.

Having said that, this Council recognizes the need to find creative, alternative funding for the arts. Currently we are exploring what other states have done and/or may be considering to help offset their own budgetary declines. Some of these ideas include:

- A statewide cultural endowment fund (San Francisco, CA)
- An admissions tax to events dedicated to the arts (Santa Cruz, CA)
- Developers Fee (Los Angeles, CA)
- One Dollar per Capita Arts program (Redmond, WA)
- Real Estate Transfer Tax (Aspen, CO)
- Income Tax on non-Resident Performers & Athletes (Missouri)

Please know these are only examples of funding alternatives rather than any specific suggestions for Alaska. The Council is exploring these and other collaborative funding mechanisms for their appropriateness and feasibility.

But examining and implementing other funding means is not an overnight process, and will require continuing support, both legislatively and financially from the state. I would ask that the Commission proceed cautiously in its recommendations and continue to seek, as it is doing now, input from organizations such as the Council. We are willing and desirous of working with you, the Governor and the Legislature in finding ways to close the gap without closing an important element of the quality of life in this state – the arts.

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September 13, 1995

State of Alaska
Long Range Financial Planning Commission
716 West Fourth Avenue
Anchorage, Alaska 99501

Dear Commissioners:

Subject: Fiscal Gap Testimony

Last night, I testified during the teleconference conducted from the Kenai Legislative Information Office. Since I am not sure I was comprehensible, I am providing this written comment.

I have been on the board of directors of the Kenai Peninsula Borough Economic Development District since 1988 and chairman for the past four years. During that time I have attended and participated in several forums on the subject of the fiscal gap facing the state. In fact, the KPBEDD facilitated forums within our borough in partnership with the Governor's office and the University.

In response to the remarks made last night, regarding the low turnout for the teleconferences being held, I suspect the reason is that the decision makers in our communities have participated in the past, have not seen results, and have established higher priorities for their time.

It is my belief that all the tools identified by the commission will be needed in the long run. However, the question is where to begin. I have a concept that I would like you to consider regarding the area of taxation. The premise is the protection and creation of private sector jobs.

Most states derive their revenues from established commerce and industry. Because the State of Alaska derives nearly all its revenue from the sale of natural resources, it has a unique opportunity.

Long Range Planning Commission
September 13, 1995
Page 2

As taxes are imposed, particularly, royalties or severance taxes, the state will have the opportunity to provide rewards for performance that add value, protect the environment, provide worker safety, and create jobs.

Under our present system of worker and environmental protection, we have a punitive system to insure minimum compliance. Under my proposal this would not change, however, if a business excelled they could be rewarded through a credit on their tax or possibly additional availability of the resource.

The same theory could apply to companies interested in producing a value added product. Prior to start up, a plan would have to be agreed upon with the State which established certain bench marks they would have to reach before earning tax credits or resource availability. Certainly job creation would be one of those bench marks.

This concept is not an incentive, as there is no up front risk for the state. It is a reward for past performance.

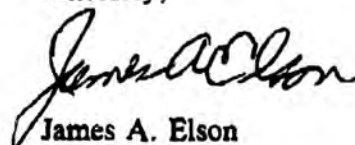
An example of benefit to the State budget could be education. Presently, the state funds the majority of education costs. As value added production expands, the local tax base would grow, and the demand for state assistance could be decreased.

I believe the State of Alaska has the opportunity to make the state an attractive place to do business and offset some of the barriers we now face.

It has been a long established psychology, whether it's child or labor relations, you get more by rewarding than by threatening. Alaska has the opportunity to use that psychology in the market place and create jobs, diversify its economy and expand its markets, while maintaining a quality of life that is unique in its richness.

Thank you for your consideration.

Sincerely,



James A. Elson

cc: Senator Judy Salo
Senator John Torgeson
Representative Mike Navarre
Representative Gail Phillips
Representative Gary Davis

TONY KNOWLES, GOVERNOR

REPLY TO:

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DEPARTMENT OF ADMINISTRATION

ALASKA PUBLIC OFFICES COMMISSION

Sept 13, 1995

Brian Rogers, Chairman
State of Alaska
Long Range
Financial Planning Commission
716 West Fourth Avenue
Anchorage, AK 99501

Dear Mr. Rogers:

I have recently reviewed the preliminary report of The Long Range Financial Planning Commission, "Alaska's Growing Fiscal Gap." As the Executive Director of the Alaska Public Offices Commission (APOC), I have some concerns. As you probably know, the APOC administers four disclosure laws: AS 15.13, the Campaign Disclosure Law; AS 39.50, the Conflict of Interest Law; AS 24.60, The Legislative Financial Disclosure Law; and AS 24.45, the Lobbying Law. These laws require public officials, politically active groups, and lobbyists and their employers to disclose campaign contributions and expenditures, personal financial interests and funds expended to influence the administrative or legislative branches of state government. All of this "disclosed" information is available to the public.

I recognize that it is difficult in a short report to make all your assumptions clear. It is not clear to me with regard to the APOC what your Commission envisions. Scenarios one and two include the APOC in a category named "consolidate/eliminate". Since the APOC and the Alcohol Beverage Control (ABC) Board are the only two programs in that category with funds remaining after FY 2000, it would appear that these two programs would be consolidated. The ABC Board controls the manufacture, possession and sale of alcoholic beverages in the state, a very different function from APOC. It is unclear to me how the two programs could be functionally consolidated.

With regard to the estimated savings column by FY 2000, the amount remaining represents a 75% reduction of APOC's budget including program receipt revenues. Over the last several years, the APOC has received significant cuts in its budget and as a result, is minimally funded at its current level. It is not possible to run a credible program that meets the expectations of the public and carries out the basic mandates of the four disclosure statutes with anything less. Further, Article II, Section 12 of the Alaska Constitution requires lobbying to be regulated.

As I understand from talking to Melissa Fouse, staff to your commission, part of the intention of scenarios one and two is to demonstrate the drastic cuts that would be necessary to reduce the general fund by \$500 million dollars. These are only examples, not recommendations. Although, I appreciate this distinction, all too often ideas committed to paper have a life of their own and a validity that may not have been intended. A credible and effective Alaska Public Offices Commission can not be supported with the funds remaining after a 75% reduction.

Sincerely,



Karen Boorman
Executive Director
Alaska Public Offices Commission

cc: Alaska Public Offices Commission Members

STATE OF ALASKA

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

OFFICE OF THE COMMISSIONER

TONY KNOWLES, GOVERNOR

3132 CHANNEL DRIVE
JUNEAU, ALASKA 99801-7898

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FAX: (907) 586-8365

PHONE: (907) 465-3900

August 25, 1995

Long Range Financial Planning Commission
716 West 4th Street, Suite 470
Anchorage, AK 99501

Dear Members of the Commission:

During my testimony to the Commission on August 11, 1995 several questions were asked concerning subjects which I could not provide answers. I would like to provide the following information concerning those unanswered questions:

Question: What taxes are charged by other states for Gasohol?

Answer: Forty-five states tax Gasohol at the same rate as they tax Gasoline. Four states provide an exemption of between 3% and 11% for Gasohol. Alaska provides an exemption of 100%. The national average is 19.62 cents.

Question: How does Alaska compare with other States on license and registration fees?

Answer: For Automobiles only, the average of Registration fees only is \$35.10. Alaska charges \$35.00. For a typical 5-axle truck, the nationwide average is approximately \$2,500, Alaska charges approximately \$240.

Question: What percent of the roads maintained by the Department can be considered "local" roads?

Answer: 30% of the system consists of Class III roads, these roads are basically "local roads."

Question: Can the Department charge tolls on our highways?

Answer: The State has limited authority to assess tolls on the state's highways. The Department, several years ago, looked at the possibility of assessing a toll on the Dalton Highway but determined the costs to the users would have been unreasonably high. We do have an option of assessing tolls for facilities such as bridges or tunnels in order to pay for the particular facility.

August 25, 1995

Question: How does Alaska's water craft fuel tax rate compared with other States?

Answer: Other state do not have a water craft fuel tax. Some states such as Washington offer an exemption of the normal fuel tax for water craft users. However, other methods are used to provide a port and harbors programs. Some of these methods include boat licensing fees, excise taxes for recreational equipment and moorage fees for vessels. Crossing the border however, British Columbia assesses a provincial tax on marine diesel of \$0.12(US) and Canadian National tax of \$0.34(US) for a total retail cost of \$1.35(US). Retail costs in Alaska vary from around \$0.90 to \$1.02.

The subject of Passenger Facility Charges (PFC) came up during my testimony and I probably did not cover it adequately. Enclosed is a fact sheet on PFC's for your information.

I enjoyed testifying before the Commission and if the Commission requires any other information concerning the Department, please contact me at 465-3901.

Sincerely,

A handwritten signature in cursive script, reading "Joseph L. Perkins".

Joseph L. Perkins, P.E.
Commissioner

Enclosure

FACT SHEET

Passenger Facilities Charges (PFC's)

In 1990, the United States Congress passed legislation (49 U.S.C. App. 1513(e) implemented by 14 CFR Part 158) permitting airports to raise funds for capital improvements by imposing Passenger Facility Charges (PFC's) at commercial service airports which provide regularly scheduled service and enplane 2,500 or more passengers per year. The PFC program was authorized in recognition that airports required a reliable source of funding for capital improvement and development. Since receiving authority to implement PFC's, over 200 airports across the country have implemented the change. A current list of airports charging PFC's is attached. The State of Alaska operates 70 airports that qualify to implement the charges. Carriers collecting PFC's are normally airlines which maintain regular schedules and have enplanement in excess of one percent of the total airport enplaned passengers.

In order to implement a PFC, each individual airport must submit an application to the Federal Aviation Administration (FAA) detailing the specific capital project (or list of projects), and the amount of the PFC's to be collected. PFC's (which can only be imposed in increments of \$1, \$2, or \$3) are added to the price of the airline ticket, collected by the air carrier, and returned to the airport after an 8¢/PFC administrative fee is deducted. The \$3 rate has been used by nearly all the airports which have implemented PFC's.

The program was structured by Congress so that there is a limit of two times that an individual air passenger pays the PFC on each one-way trip. The fee only applies at the first two and last two airports that have approval to collect them at which the passenger enplanes. PFC's may not be charged to customers flying on an Essential Air Service (EAS) subsidized carrier to or from airports that are receiving funding through the EAS program. Twenty-nine rural airports in Alaska are in the EAS program including Wrangell, Petersburg, Seward, Yakutat and Cordova.

PFC's are currently collected from almost all passengers who are traveling to or from Alaska. The collected PFC's are retained by the participating airport systems in the lower 48 states. It is estimated that the net yearly revenue that would be collected at Anchorage and Fairbanks International Airports (ANC and FAI) from a \$3 PFC would be between \$4.5 million and \$5.0 million for FY 96.

With the exception of the International Airport Revenue Fund at the ANC and FAI, the entire capital program for the State's aviation system is funded through the federal Airport Improvement Program (AIP). The federal appropriation levels for the AIP has diminished over the past several years. AIP appropriations nationwide in federal FY 92 were \$1.9 billion; in FY 95 they had dropped to \$1.45 billion; and the Administration has proposed a

funding level of \$1.3 billion for FY 96. Anchorage AIP funds were \$6.4 million in FY 92, \$9.2 million in FY 93 and \$7.4 million in FY 94. Fairbanks AIP funds were \$1.3 million in FY 92, \$1.1 million in FY 93 and \$1.5 million in FY 94. FAA is encouraging airports to shift to PFC's as an alternate funding source for capital projects. Legislation under consideration in the U.S. Senate severely cuts the AIP but contains a provision to raise the PFC charge to a maximum of \$5 to allow airports to make up the loss. Future FAA discretionary funding may be reduced for airports or states which have not implemented PFC's. Alaska received approximately \$25 million in FAA discretionary funding in FY 96.

Revenue from PFC's could be used for projects at the State's discretion at any airport under its control. In addition, revenue derived from PFC's is not required to be part of the funding formula used to calculate rates and fees charged to airport users. Most other revenue sources are not affected by implementing the PFC option. However, passenger enplanement entitlement paid through the AIP at ANC would be reduced by 50%. For 1994 this entitlement was \$2.7 million.

Airports, air carriers, and residents would be impacted by the collection of PFC's. Air carriers will be impacted minimally if they already collect PFC's elsewhere but more significantly if they do not collect PFC's for other airports. The impact on the departing intrastate passenger will be nominal, in that much of the PFC is already being collected. The interstate passenger, however, would pay a \$3, potentially \$6, fee on their ticket for trips within Alaska to and from airports not participating in the essential air service program.

If it was decided to implement PFC's in Alaska, the implementation could be approached in several ways. A phased approach is possible, starting with the ANC. ANC is the airport most threatened should the federal government adopt a plan to remove large and medium hubs airports from AIP participation. Additionally, ANC has a number of important terminal, airfield, and road projects which require considerable capital funding.

PFC's could be implemented at both the Anchorage and Fairbanks International Airports first, and phase the rural system into the program later. This approach would be highly favored by the large air carriers and the International Airport System due to the existing financial tie between ANC and FAI and the fact that the FAI also has substantial capital funding needs to accommodate growth. However, some of the small intrastate carriers operating out of ANC and FAI would be required to implement the charge.

Implementation of PFC's at the rural airports is questionable. While most large air carriers operating out of the two international airports are already collecting PFC's on behalf of airports outside Alaska, the commuter/air taxi class of air carriers operating out of the rural airports are not.

Transportation Taxes

Passenger Facility Charges

A passenger facility charge (PFC) will be levied on all tickets, PTA's, and X's for passengers departing at an airport authorized to collect this fee. The PFC will be collected at the time a ticket is issued. A maximum of two PFC's can be charged on a one-way ticket. If more than two airports have PFC's, the charges will be assessed for the first two PFC approved airports. A maximum of four PFC's can be charged on a round trip. If more than four airports have PFC's, the charges will be assessed for the first two PFC approved airports on the outbound leg and the last two PFC approved airports on the return legs.

Exemptions:

- 1.) Non revenue tickets.
- 2.) Passengers departing on a flight to an eligible point on an airline that receives subsidy as part of the Essential Air Service (EAS) compensation under section 419 of the Federal Aviation Act.
- 3.) Infants

Authorized PFC Airport	Discontinue Date	PFC Amount	Authorized PFC Airport	Discontinue Date	PFC Amount	Authorized PFC Airport	Discontinue Date	PFC Amount
AGUADILLA, PUERTO RICO (BQN)	January 1, 1999	\$3.00	ANCOCK, MICHIGAN (CMX)	March 1, 1996	\$3.00	PENSACOLA, FLORIDA (PNS)	April 1, 1996	\$3.00
AKRON, OHIO (CAK)	August 1, 1996	\$3.00	HARTFORD, CT. (BDL)	November 1, 1995	\$3.00	PEORIA, ILLINOIS (PIA)	July 1, 2001	\$3.00
ALBANY, NEW YORK (ALB)	April 1, 2005	\$3.00	HAYDEN, COLORADO (HDN)	April 1, 1997	\$3.00	PHILADELPHIA, PA. (PHL)	July 1, 1995	\$3.00
ALLENTOWN, PA. (ABE)	April 1, 1995	\$3.00	HELENA, MONTANA (HLN)	December 1, 1999	\$3.00	PLATTSBURGH, NEW YORK (PLB)	January 1, 1998	\$3.00
ALTOONA, PENNSYLVANIA (AOO)	February 1, 1996	\$3.00	HILTON HEAD, S.C. (HHH)	March 1, 1999	\$3.00	POCATELLO, IDAHO (PIH)	March 1, 2002	\$3.00
APPLETON, WISCONSIN (ATW)	September 1, 2000	\$3.00	HUNTSVILLE, ALABAMA (HSV)	November 1, 2008	\$3.00	PONCE, PUERTO RICO (PSE)	January 1, 1999	\$3.00
ARCATA, CALIFORNIA (ACV)	November 1, 1996	\$3.00	IDAHO FALLS, IDAHO (IDA)	January 1, 1998	\$3.00	PORT ANGELES, WASH. (CLM)	April 1, 1995	\$3.00
ASHEVILLE, N.C. (AVL)	September 1, 2000	\$3.00	INDIANAPOLIS, INDIANA (IND)	July 1, 2005	\$3.00	PORTLAND, MAINE (PWM)	May 1, 2001	\$3.00
AUSTIN, TEXAS (AUS)	March 1, 1995	\$3.00	INTERNATIONAL FALLS, MN (INF)	December 1, 1998	\$3.00	PORTLAND, OREGON (PDX)	September 1, 1999	\$3.00
BALTIMORE, MARYLAND (BWI)	April 1, 2009	\$3.00	IRVING, CALIFORNIA (IRK)	September 1, 1995	\$3.00	PROVIDENCE, R.I. (PVD)	August 1, 2013	\$3.00
BATON ROUGE, LA. (BTR)	December 1, 1996	\$3.00	IRONWOOD, MICHIGAN (IWD)	October 1, 1998	\$3.00	PUEBLO, COLORADO (PUB)	August 1, 2010	\$3.00
BEAUMONT, TEXAS (BPT)	November 1, 1996	\$3.00	SLIP, NEW YORK (ISP)	August 1, 2005	\$3.00	PULLMAN, WASHINGTON (PUW)	January 1, 1998	\$3.00
BELLINGHAM, WASH. (BLI)	January 1, 1997	\$3.00	THACA, NEW YORK (ITH)	January 1, 2004	\$3.00	QUINCY, ILLINOIS (UIN)	July 1, 1997	\$3.00
BILLINGS, MONTANA (BIL)	June 1, 2002	\$3.00	J.F.K. AIRPT., N.Y. (JFK)	August 1, 1995	\$3.00	READING, PENNSYLVANIA (RDG)	August 1, 1998	\$3.00
BINGHAMTON, NEW YORK (BGM)	September 1, 2008	\$3.00	JACKSON, MISSISSIPPI (JAN)	April 1, 1995	\$3.00	REDMOND, OREGON (RDM)	March 1, 2000	\$3.00
BLOOMINGTON, ILLINOIS (BMI)	May 1, 2010	\$3.00	JACKSON, WYOMING (JAC)	March 31, 1995	\$3.00	RENO, NEVADA (RNO)	May 1, 1999	\$3.00
BOISE, IDAHO (BOI)	October 1, 1998	\$3.00	JACKSONVILLE, FLA. (JAX)	July 1, 1997	\$3.00	RHINELANDER, WI. (RHI)	April 1, 1996	\$3.00
BOSTON, MASS. (BOS)	October 1, 2011	\$3.00	JAMESTOWN, NEW YORK (JHW)	June 1, 1996	\$3.00	RICHMOND, VIRGINIA (RIC)	August 1, 2005	\$3.00
BOZEMAN, MONTANA (BZN)	June 1, 2005	\$3.00	JOHNSTON, PA. (JST)	February 1, 1998	\$3.00	ROCKFORD, ILLINOIS (RFD)	October 1, 1996	\$3.00
BRAINERD, MINNESOTA (BRD)	November 30, 1994	\$3.00	KALISPELL, MONTANA (FCA)	November 1, 1999	\$3.00	SACRAMENTO, CA. (SMF)	September 1, 1996	\$3.00
BUFFALO, NEW YORK (BUF)	July 31, 2025	\$3.00	KEY WEST, FLORIDA (EYW)	March 1, 1997	\$3.00	SALT LAKE CITY, UTAH (SLC)	May 1, 1996	\$3.00
BURBANK, CALIFORNIA (BUR)	October 1, 2001	\$3.00	KNOXVILLE, TENNESSEE (TYS)	January 1, 1997	\$3.00	SAN ANGELO, TEXAS (SJT)	November 1, 1998	\$3.00
BUTTE, MONTANA (BTM)	May 1, 2000	\$3.00	LA CROSSE, WISCONSIN (LSE)	August 1, 1997	\$3.00	SAN JOSE, CALIFORNIA (SJC)	May 1, 1997	\$3.00
CASPER, WYOMING (CPR)	October 1, 1996	\$3.00	LA GUARDIA AIRPT., N.Y. (LGA)	August 1, 1995	\$3.00	SAN JUAN, PUERTO RICO (SJU)	February 1, 1997	\$3.00
CEDAR RAPIDS, IOWA (CID)	February 1, 2001	\$3.00	LAKE TAHOE, CA. (TVL)	March 1, 1997	\$3.00	SAN LUIS OBISPO, CA. (SBO)	February 1, 1995	\$3.00
CHARLESTON, WV. (CRW)	April 1, 1998	\$3.00	LANCASTER, PA. (LNS)	February 1, 2015	\$3.00	SANTA ROSA, CA. (STS)	July 1, 1997	\$3.00
CHATTANOOGA, TN. (CHA)	October 1, 2002	\$3.00	LANSING, MICHIGAN (LAW)	March 1, 2002	\$3.00	SARANAC LAKE, N.Y. (SLK)	January 1, 2003	\$3.00
CHEYENNE, WYOMING (CYS)	August 1, 2000	\$3.00	LAREDO, TEXAS (LRD)	September 1, 2013	\$3.00	SARASOTA, FLORIDA (SRQ)	September 1, 2005	\$3.00
CHICO, CALIFORNIA (CIC)	June 1, 1997	\$3.00	LAS VEGAS, NEVADA (LAS)	September 1, 2014	\$3.00	SAVANNAH, GEORGIA (SAV)	March 1, 2004	\$3.00
CINCINNATI, OHIO (CVG)	September 1, 1995	\$3.00	LAUREL, MISSISSIPPI (PIB)	January 1, 1998	\$3.00	SCRANTON, PA. (AVP)	June 1, 1997	\$3.00
CLARKSBURG, WV. (CKB)	April 1, 1996	\$3.00	LAWTON, OKLAHOMA (LAW)	March 31, 1996	\$3.00	SEATTLE, WASHINGTON (SEA)	January 1, 1996	\$3.00
CLEVELAND, OHIO (CLE)	November 1, 1995	\$3.00	LEWISTON, IDAHO (LWS)	March 1, 1997	\$3.00	SHREVEPORT, LOUISIANA (SHV)	February 1, 2019	\$3.00
COLORADO SPRINGS, CO. (COS)	February 1, 1996	\$3.00	LEXINGTON, KENTUCKY (LEX)	May 1, 2005	\$3.00	SIoux CITY, IOWA (SUX)	June 1, 2008	\$3.00
COLUMBIA, S.C. (CAE)	September 1, 2008	\$3.00	LOS ANGELES, CA. (LAX)	July 1, 1998	\$3.00	SOUTH BEND, INDIANA (SBN)	March 1, 2003	\$3.00
COLUMBUS, GEORGIA (CSG)	June 1, 1995	\$3.00	LUBBOCK, TEXAS (LBB)	February 1, 2000	\$3.00	SPOKANE, WASHINGTON (GEG)	March 31, 1998	\$3.00
COLUMBUS, MISS. (GTR)	September 1, 2008	\$3.00	MADISON, WISCONSIN (MSN)	March 1, 1998	\$3.00	SPRINGFIELD, ILL. (SPI)	February 1, 2008	\$3.00
COLUMBUS, OHIO (CMH)	September 1, 1996	\$3.00	MANCHESTER, NH. (MHT)	March 1, 1997	\$3.00	SPRINGFIELD, MISSOURI (SGF)	October 1, 1996	\$3.00
CORPUS CHRISTI, TEXAS (CRP)	January 1, 1998	\$3.00	MARATHON, FLORIDA (MTH)	June 1, 1995	\$3.00	ST. CROIX, VIRGIN ISL. (STX)	May 1, 1995	\$3.00
CUMBERLAND, MARYLAND (CBE)	July 1, 1999	\$3.00	MARQUETTE, MICHIGAN (MQT)	April 1, 1996	\$3.00	ST. LOUIS, MISSOURI (STL)	December 1, 1997	\$3.00
DALLAS/FT. WORTH, TX. (DFW)	March 1, 1996	\$3.00	MEDFORD, OREGON (MFR)	November 1, 1995	\$3.00	ST. THOMAS, VIRGIN ISL. (STT)	February 1, 1995	\$3.00
DAYTON, OHIO (DAY)	October 1, 2001	\$3.00	MEMPHIS, TENNESSEE (MEM)	October 1, 1999	\$3.00	STATE COLLEGE, PA. (SCE)	July 1, 1997	\$3.00
DAYTONA BEACH, FLA. (DAB)	February 28, 2004	\$3.00	MERIDIAN, MISSISSIPPI (MEI)	August 1, 1996	\$3.00	STEAMBOAT SPRINGS, CO. (SES)	April 1, 2012	\$3.00
DENVER, COLORADO (DEN)	January 1, 2026	\$3.00	MIAMI, FLORIDA (MIA)	August 1, 1996	\$3.00	SUN VALLEY, IDAHO (SUN)	January 1, 1996	\$3.00
DES MOINES, IOWA (DSM)	April 1, 1997	\$3.00	MIDLAND, TEXAS (MAF)	January 1, 2010	\$3.00	TALLAHASSEE, FLORIDA (TLH)	November 1, 1998	\$3.00
DETROIT, MICHIGAN (DTW)	June 1, 2009	\$3.00	MIDWAY, CHICAGO, ILL. (MDW)	August 1, 2001	\$3.00	TAMPA, FLORIDA (TPA)	September 1, 1999	\$3.00
DUBOIS, PENNSYLVANIA (DUJ)	September 1, 1997	\$3.00	MINNEAPOLIS, MINN. (MSP)	June 1, 1998	\$3.00	TELLURIDE, COLORADO (TEX)	November 1, 2007	\$3.00
DUBUQUE, IOWA (DBQ)	February 1, 1996	\$3.00	MINOT, NORTH DAKOTA (MOT)	March 1, 1999	\$3.00	TEXARKANA, ARKANSAS (TXK)	January 1, 1999	\$3.00
DULLES INTL. D.C. (IAD)	November 1, 2003	\$3.00	MISSOULA, MONTANA (MSO)	August 1, 1997	\$3.00	TOLEDO, OHIO (TOL)	September 1, 1996	\$3.00
DULUTH, MINNESOTA (DLH)	April 1, 1996	\$3.00	MODESTO, CALIFORNIA (MOD)	August 1, 2000	\$3.00	TULSA, OKLAHOMA (TUL)	August 1, 1995	\$3.00
DURANGO, COLORADO (DRO)	February 1, 1997	\$3.00	MOLINE, ILL. (MLI)	November 1, 2008	\$3.00	TUPELO, MISSISSIPPI (TUP)	January 1, 2000	\$3.00
EAGLE, COLORADO (EGE)	April 1, 1998	\$3.00	MONTREY, CALIFORNIA (MRY)	June 1, 2000	\$3.00	TWIN FALLS, IDAHO (TWF)	May 1, 1998	\$3.00
ERIE, PENNSYLVANIA (ERI)	June 1, 1997	\$3.00	MONTROSE, COLORADO (MTJ)	February 1, 2009	\$3.00	TYLER, TEXAS (TYR)	July 1, 1998	\$3.00
ESCANABA, MICHIGAN (ESC)	August 1, 1996	\$3.00	MORGANTOWN, WV. (MGW)	June 1, 1999	\$2.00	VALDOSTA, GEORGIA (VLD)	October 1, 1997	\$3.00
EUGENE, OREGON (EUG)	November 1, 1998	\$3.00	MUSCLE SHOALS, ALA. (MSL)	February 1, 1997	\$3.00	VICTORIA, TEXAS (VCT)	December 1, 1997	\$3.00
FLAGSTAFF, ARIZONA (FLG)	January 1, 2015	\$3.00	MUSKEGON, MICHIGAN (MKG)	May 1, 2019	\$3.00	WALLA WALLA, WASH. (ALW)	November 1, 2014	\$3.00
FLINT, MICHIGAN (FNT)	September 1, 2030	\$3.00	NAPLES, FLORIDA (APF)	February 1, 1995	\$3.00	WASHINGTON NATL. D.C. (DCA)	January 21, 2001	\$3.00
FORT COLLINS, CO. (FNL)	June 1, 1996	\$3.00	NASHVILLE, TENNESSEE (BNA)	February 1, 2004	\$3.00	WATERLOO, IOWA (ALO)	June 1, 1996	\$3.00
FORT LAUDERDALE, FLA. (FLL)	August 1, 1999	\$3.00	NEWARK, NEW JERSEY (EWR)	August 1, 1995	\$3.00	WAUSAU, WISCONSIN (CWA)	November 1, 2012	\$3.00
FORT MYERS, FLORIDA (RSW)	August 1, 2018	\$3.00	NEW HAVEN, CONN. (HVN)	June 1, 1999	\$3.00	WENATCHEE, WASHINGTON (EAT)	October 1, 1995	\$3.00
FORT SMITH, ARKANSAS (FSM)	April 1, 2007	\$3.00	NEW ORLEANS, LA. (MSY)	January 1, 2014	\$3.00	WEST PALM BEACH, FLA. (PBI)	April 1, 1999	\$3.00
FORT WAYNE, INDIANA (FWA)	March 1, 2015	\$3.00	NORTH BEND, OREGON (OTH)	January 1, 1998	\$3.00	WHITE PLAINS, N.Y. (HPN)	June 1, 2022	\$3.00
GILLETTE, WYOMING (GCC)	September 1, 1999	\$3.00	OAKLAND, CALIFORNIA (OAK)	April 1, 1995	\$3.00	WICHITA, KANSAS (ICT)	November 1, 1997	\$3.00
GRAND FORKS, ND. (GFK)	February 1, 1997	\$3.00	CHARE, CHICAGO, ILL. (ORD)	October 1, 1999	\$3.00	WILMINGTON, N.C. (ILM)	August 1, 1997	\$3.00
GRAND JUNCTION, CO. (GJT)	March 1, 1998	\$3.00	CANTARIO, CALIFORNIA (ONT)	July 1, 1998	\$3.00	WORCESTER, MASS. (ORH)	October 1, 1997	\$3.00
GRAND RAPIDS, MICH. (GRR)	May 1, 1998	\$3.00	ORLANDO, FLORIDA (MCO)	February 1, 1998	\$3.00	YAKIMA, WASHINGTON (YKM)	June 1, 1995	\$3.00
GREAT FALLS, MONTANA (GTF)	July 1, 2002	\$3.00	PADUCAH, KENTUCKY (PAH)	December 1, 1998	\$3.00	YOUNGSTOWN, OHIO (YNG)	July 1, 1996	\$3.00
GREEN BAY, WISCONSIN (GRB)	March 1, 2003	\$3.00	PALM SPRINGS, CA. (PSP)	October 30, 2032	\$3.00	YUMA, ARIZONA (YUM)	June 1, 2003	\$3.00
GUAM, MARIANA ISLANDS (GUM)	July 1, 2021	\$3.00	PANAMA CITY, FLA. (PCF)	October 1, 2007	\$3.00			
GULFPORT, MISS. (GPT)	January 1, 1996	\$3.00	PASCO, WASHINGTON (PSC)	November 1, 1996	\$3.00			
GUNNISON, COLORADO (GUC)	March 1, 1998	\$3.00	PELLSTON, MICHIGAN (PLN)	June 1, 1998	\$3.00			

SEPT. 13, 1995

Wasilla, AK
376-5802
659-4408

**COMMENTS TO THE
LONG RANGE FINANCIAL PLANNING COMMISSION
C/O L.I.O WASILLA**

No new taxes until State spending is in control!

How will we know when we have cut enough?

Here are three possible criteria:

- 1) When the total **per capita** spend of the State (excluding Federal Funding) is no more than it was in 1973 (adjusted for inflation).
- 2) When the total **per capita** spend of the State (excluding Federal Funding) is no more than that of other comparable States of large area and small population such as Idaho or Montana.
- 3) When total State spend does not exceed current revenues. Cut as necessary.

Revise the State spending policies to mandate elimination of political favoritism.

Since each individual owns an equal share of State revenues, **State funded programs should distribute their spending to each area of the state proportionate to the number of residents in each area.** This would eliminate **political favoritism** and competition between politicians to bring back the most pork for their districts. It would also help all to focus more clearly on the larger picture of total spending instead of the narrow interest in how much can we get. In this type of distribution the same percentage of cuts and downsizing would be felt in each area and the cuts would not be the subject of the political games we now suffer.

Thank you for your time,



Pat Marley

TOTAL P.01

Long Range Financial Planning Commission
716 West 4th Ave.
Anchorage, Alaska 99501

Dear Members of the Commission,

As a long term resident of the State of Alaska I am very concerned with what our State is doing. Especially with regards to the budget and the growing fiscal gap. I would like to share my feeling about both the spending that the State does and also how it collects revenues.

First, I think the spending is way out of line. I realize there is a lot of pressure from a myriad of sources all with heart wrenching stories about what a wonderful program they need funding for and how millions will suffer if the funding is cut back. I have lived in Alaska all but the first couple years of my life. I am 43 years old this year so I have seen the State go through a lot of changes in its growth. I have seen people come to Alaska for the taste of adventure and the beauty of the land. Since the 80's these numbers have grown tremendously. I saw when these people moved into Anchorage in the 50's and 60's. As they settled in to their life in the last frontier everything was new and quaint. A frontier town with many dirt roads, your own well and septic system, a small neighborhood school and etc. As time went on these people started wanting somebody to grade and water those dirt roads and plow the snow in the winter. They didn't want to have to worry about wells and backed up sewers in the winter. They wanted busses for their kids to ride to school in, big gyms, ball fields, sports programs, school lunch programs, natural gas, etc. They wanted someone to take care of them. Along comes some smooth talking politician who promises them the great society if he gets into office. Forty years later we have Anchorage what it is today. Looks to me like a mini Seattle. Meanwhile someone has to pay for all this and it seem like the only solution is taxes and State grants.

Ten years later, these people who came looking for adventure and the beauty of the land are tired of the traffic, dirt, falling apart pavement, property taxes, crowded schools, teacher strikes, noisy garbage trucks early in the morning, all that road and snow removal equipment, etc. They are thinking about moving a little farther out of town where you can live on a rural road and have your own well and septic system, a small community school, a quieter lifestyle and the cycle repeats itself. Eventually these people keep moving or leave the State. The problem is all the people who have lived there since the beginning end up having to pay for all the stuff they never wanted in the first place. I have lived in the Valley since the early 60's and this is what is happening here now.

My earliest years growing up were in a small village. My dad dug a well and we used an out house. Eventually my dad put in a septic system and we had a toilet. We used a hand pump to pump water into a tank in the attic so we could flush the toilet. We had a generator that we used occasionally when it was needed. The point is we provided for our own needs. We didn't depend on government to do everything for us. That is what is happening all over this State today. That is why the gap is so wide. Sure people need sanitary systems but

why does the State have to provide it? Electricity is something we all depend on anymore, but why does the State have to subsidize electricity bills for people in the bush? What people think are necessities maybe are only conveniences.

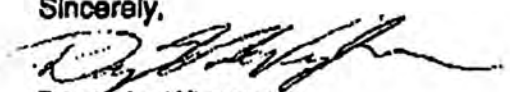
My answer to all of this is if you want the conveniences of electricity, gas, TV, etc. move to the city. If you want paved streets, fancy shopping centers, somebody to take care of everything for you, move the city, pay for what you use through taxes or whatever and don't expect the State to pay for it.

Secondly, we have a great many people who come to Alaska to work. They don't even live here. They have some of the best and highest paying jobs in the State and don't help the economy one bit. They come up and work for a week or more and take their fat paychecks home to the lower 48 with them. The most they spend in the state is maybe \$1.00 at the airport for a cup of coffee. (I guess the airport is trying to make up for what they don't spend in this state.) There are also a lot of commercial fishermen who come up, make their boat load of money and leave the State.

I think that maybe we should have a State income tax ^{with} ~~and also~~ some kind of a dividend or some way to give it back to people who live in Alaska. Use the same criteria the Alaska Permanent Fund Dividend program does for residents. I hate to see another tax. I don't believe taxes are the answer to anything. It usually reflects poor management and lack of back bone to say no to what we can't afford. But I don't feel its right for people to be able to come to this State and reap its benefits and not have to share its expenses.

To summarize what I am trying to say is the State must do what I have to do. There maybe some really important things that I would like to do but I just don't have the money to do it. We have to say NO to everything except what is absolutely necessary. I think we should prioritize everything the State spends money on. Start with the most important and absolutely necessary to run the State and work down till everthing is listed. Then decide how much revenue we have to spend without getting ourselves into a bind later on. Also consider a safety margin into that amount. Then start funding according to the list, when the money is gone, thats it, period. That is what every contributing member to society has to do. The State must do it too. I also think people who share the gain from the State should share the pain. Maybe tax is a way to do that. Leave the PFD alone.

Sincerely,



Doug VanWingerden
P.O. Box 872785
Wasilla, Alaska 99687

cc:Mail for: Melissa Fouse

Subject: LRP Preliminary Report

From: Kettering#m#_Phillip_E@msmail.aai.Arco.COM ("Kettering, Phillip E") at CC2M... 9/12/95 1:24 PM

To: LRFPC at LAA_ANC

To: Planning Commission

Bob,

I picked up both of your phone messages and appreciate you following up on the technical problems. The error message I received for the undelivered e-mail gave a code but no description. Again, thanks for letting me know things are cleared up.

I picked up a copy of your preliminary report yesterday and read it last night. I appreciate the chance to comment but would like to know if you can give me a little more information. Do you have, or know where I can get, a copy of our states financial statement in a format similar to the base case projection noted on page 7 of your report but documenting the last ten years?

I believe that controlling cost is a must but recognize that there is no single budget item that can be cut which will solve our problems. I would support a balance of various actions which may include capping the PFD checks but would emphasize the need for reducing some of the operating/capital costs. I don't believe that any further taxation is necessary (sales or income/personal or business) and hope these alternatives are noted and then dismissed.

I appreciate your assistance in getting me the information requested above. Should you need any clarification or have any questions of me please feel free to contact me via E-Mail at PKettering@aai.arco.com.

Thanks,
Phil Kettering

①

LRPFC REC. 9/12/95
11:30 AM

701 Dogwood Street
Anchorage, Alaska 99501
September 11, 1995

Long Term Fiscal Planning Commission
c/o Legislative Information Office
716 4th Avenue
Anchorage, Alaska 99501

Since I will be unable to participate in the Anchorage teleconference September 13 regarding the fiscal gap in state finances, I am taking this avenue to correspond with you.

The magnitude of the problem is overwhelming and the consequences of not making considerable changes could be catastrophic. I am therefore offering my personal views on where some cuts could possibly be made, where cuts should not be made, and the options I personally would favor on raising revenue.

Cuts in the \$31 million budget for the Legislature could be made in out-of-state travel. It should be severely curtailed and in-state travel should be limited to what is absolutely essential.

There are many areas of the budget that I know nothing about as far as how overblown it is. For example, what comprises the Health and Human Services budget. I doubt that the Corrections budget can be cut in view of escalating crime rates. It might be possible to effect some savings by privatization.

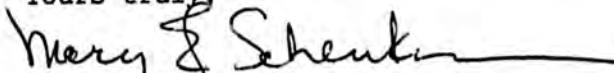
I am willing to give up my Longevity Bonus but believe it should be cut for everyone if anything is done. It is not fair for some to receive it and not others. This will create a hardship for many low income seniors but it should have been left at the original \$50 and was raised only because we had money to burn in the 80's. It will be greatly missed by me, but my husband had to forego his when he moved to the Pioneer Home nursing wing and we are managing without it.

The entire welfare system needs to be drastically overhauled and cut. There is too much dependence on welfare checks such as teenagers knowing that when they have a baby or multiple babies out of wedlock the government will take care of them. I have even heard some of them make statements to that effect on TV. There is too much fraud in the areas of welfare and food stamps.

Senior tax relief should be eliminated although it will put a large hole in my budget. I have had the benefit of it for only two years and have appreciated it, but I managed to live without it before.

I would appreciate your consideration and would implore you once more to urge the Legislature to save the Pioneer Homes' nursing program and continue to fund at the present level.

Yours truly,


Mary E. Schenker

c: Governor Tony Knowles

CORRECTION

THE FOLLOWING DOCUMENT(S)
HAVE BEEN REFILMED TO
ASSURE LEGIBILITY OR PAGINATION



Rev. 6/98

Central Microfilm Services
Department of Education
State of Alaska

WRPFC Rec. 9/12/95
11:30 AM

701 Dogwood Street
Anchorage, Alaska 99501
September 11, 1995

Long Term Fiscal Planning Commission
c/o Legislative Information Office
716 4th Avenue
Anchorage, Alaska 99501

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Senior tax relief should be eliminated although it will put a large hole in my budget. I have had the benefit of it for only two years and have appreciated it, but I managed to live without it before.

Tourism Marketing can probably stand some cutting as most people want to come to Alaska without being bombarded with ads. Although I watch Channel 7 almost exclusively, it may be possible to cut public television a bit more. To eliminate it entirely would be tragic, especially for children.

The one area that should not be cut is the nursing program of the Pioneer Homes. To eliminate this wonderful and desperately needed service to Alaskans will cause untold heartache among families of stroke victims, Parkinsonians, and those afflicted with Alzheimers as well as other health problems that require skilled nursing care around the clock. Privatizing or selling the Homes will result in placing an impossible financial burden on the families. It will result in danger and abbreviated lives for many patients. Families will be forced to try to care for loved ones at home where that care presents such physical and emotional stresses that often the caregiver goes before the patient. My husband has been in the nursing wing for over a year. He is a victim of Parkinson's Disease so I know whereof I speak. I implore you to maintain compassion for the patients and their families by continuing to fund fully the Pioneer Homes throughout the state. One recommendation I would make that could result in less expense would be to phase out the residential care. Many of these residents are able bodied and could well care for themselves at home. Entrance to the Homes should be based on a doctor's verification that the service is sorely needed.

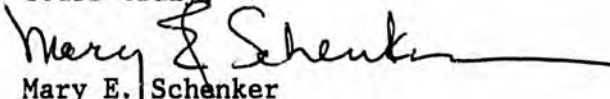
I am also willing to forego my Permanent Fund Dividend but it should be one of the last things cut as it does provide a great stimulus to the economy as well as helping individual Alaskans. It should not be cut until all non-essentials and waste are eliminated.

I also believe a stringent energy saving policy (e.g., turn off the lights) should be instituted and enforced in all state offices and buildings. It should be patterned after the one President Carter put into effect during the oil shortage.

As for raising revenue, I personally am willing to pay a statewide personal income tax or a statewide sales tax although it would be a considerable burden. I prefer whichever would cost me the least although I favor the sales tax in principal so that the many who benefit from state services but don't live here year around could contribute. I doubt that a lottery would raise much money with our small population. I am willing to pay a higher motor fuel tax. Alcohol and tobacco taxes should be raised to the maximum possible.

I would appreciate your consideration and would implore you once more to urge the Legislature to save the Pioneer Homes' nursing program and continue to fund at the present level.

Yours truly,



Mary E. Schenker

c: Governor Tony Knowles

HC60 Box 305T
Copper Center, AK 99573
September 7, 1995

received
9/11/95
LRFPc

State of Alaska
Long-Range Financial Planning Commission
716 West Fourth Avenue
Anchorage, AK 99501

Dear Commission Members:

Thank you for producing the "Fiscal Gap" report and encouraging public comment on it. Following are my comments:

CUTTING SPENDING:

--Don't cut rural and bush areas disproportionately. Please remember that most state revenues come from those areas.

--Corrections spending has increased alarmingly. I do not believe that more jails are the answer to crime; they're costly and aren't working. Because there seems to be a strong link between crime and the problems of divorce, single-parenting and poor parenting, the state should be innovating ways to reduce teen pregnancies, encourage higher education, encourage parents to stay home with their children, and encourage families to stay intact. (For instance, counselling might be required before a couple could file for divorce.)

--Also regarding Corrections, emphasis should be shifted from jail time to restitution. Permanent Fund Dividends should be routinely taken for restitution and fines, for as many years as is necessary to make adequate restitution. In the case of juvenile offenders, the parents' PFD's should also be taken. Drunk drivers should lose their vehicles upon a first offence.

--Don't make further cuts to Fish and Game and Natural Resources. As the graph on page 8 of your report shows, those departments have already taken more than their share of cuts. Since our state has a natural resource-based economy, our future depends upon knowing what natural resources we have and how they function. Thus, a greater share of funding should go to field work.

--Involve the University to a greater degree in solving problems and doing research for the state. Using degree candidates could be cost-effective.

--Cut travel budgets in all departments. Eliminate first class travel at state expense. Reduce travel allowances so that they are closer to actual costs. Encourage conference calls as an alternative to travel.

INCREASING REVENUES:

--Higher tobacco and alcoholic beverage taxes: Yes!

--Statewide sales tax or individual income tax: It's time for one of these. I slightly favor the sales tax because it would allow us to collect revenue from non-resident travellers as well as non-resident workers, and because individuals

wouldn't have to file returns. Its down side is that it is regressive. That could be partially remedied by exempting food, rent, and medical payments, while not exempting high-ticket items. To capture more tax from nonresidents, the tax rate should be higher in summer; also, summer is when many residents are better able to afford a tax. If the individual income tax is reinstated, it should be as simple as possible, but it should be progressive.

--Natural resource taxes and royalties: The revenue structure for all natural resources should be reviewed to be sure that they strike a balance between being fair to the resource extractor and providing a reasonable return to the owner (us), both now and in the future when demand might soar for, say, timber or minerals.

--Lottery: No. I suspect that lotteries are regressive--that the poorest and most poorly-educated people have the highest participation rate.

PERMANENT FUND:

--Retain the dividend, if only because it gives the people a vested interest in the fund.

--Cap the dividend.

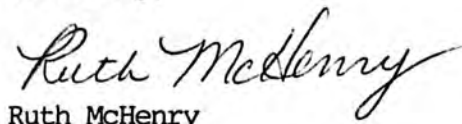
--Invest all natural resource revenues in the fund (the Cremo Plan or a variation of it).

OTHER:

--It should be a state policy to avoid encouraging population growth. Because we are a resource-revenue state, a higher population just increases the fiscal gap. Both the public and private sectors should use all federally-permitted means to give preferential hire to Alaska residents. Whenever possible, we should alter state policies and programs that have the side-effect of encouraging people to move to the state. The state should work hard at lowering its high teen pregnancy rate, and it should help women of all ages avoid unwanted pregnancies.

Again, thank you for the work you are doing on the state's fiscal problems.

Sincerely,



Ruth McHenry

**Response to the Questions of the Long
Range Financial Planning Commission
and the
“Alaska’s Growing Fiscal Gap” Report**

**From the
Alaska Municipal League
and the
Alaska Conference of Mayors**

**Taken from the AML Policy Statement
and testimony of the
Alaska Conference of Mayors and the Alaska Municipal
League Board of Directors
Barrow, Alaska
August 25-26, 1995**

RESOLUTION
of the
Alaska Conference of Mayors
and
Alaska Municipal League Board of Directors

WHEREAS, the Long Range Financial Planning Commission (LRFPC) has prepared a preliminary report on addressing the state fiscal gap and submitted it for comment;

WHEREAS, after a very brief review of the preliminary draft, the Alaska Municipal League Board of Directors and the Alaska Conference of Mayors wish to present several points regarding the draft;

NOW, THEREFORE BE IT RESOLVED THAT:

1. Appreciation is expressed for the Commission's efforts to date in addressing the issue.
2. The Alaska Municipal League (AML) and Alaska Conference of Mayors (ACoM) recognize that a gap exists between the state's current expenditures and expected revenues.
3. Some of the options presented for revenue sources appear viable, but care must be taken that using some identified alternatives not disrupt the sources of municipal tax established under existing statutes that are critical to the continuation of municipal government.
4. AML and ACoM express a willingness to work toward a reasonable balance in spending including programs that share state funds with local governments; however, the gap should not be filled by disproportionately shifting burdens to municipalities for services such as education, roads, and public safety.
5. There must be a recognition that priorities in spending do exist, but we are unable to determine from the draft what priorities have been used in determining future expenditure requirements. These priorities should recognize the state's obligation to fully provide for education, public safety, and corrections, as set forth in the Alaska Constitution, as well as programs providing basic survival assistance, such as power cost equalization.
6. We are unable to determine if other options of closing the gap have been addressed. These include cooperative transfer of administration of programs and funding, or consolidation to reduce expenditures. Elimination of further programs has not been identified as an option. These options should continue to be explored during the process of closing the gap.

7. The LRFPC should analyze the impact on local governments of the various recommended options as provided in the resolution establishing the Commission. Without this analysis, we find it difficult to adequately respond to the draft report and we are willing to work with the Commission to perform that analysis as the Commission prepares its recommendations to the Legislature.

UNANIMOUSLY APPROVED BY THE MEMBERS OF THE ALASKA MUNICIPAL LEAGUE BOARD OF DIRECTORS AND ALASKA CONFERENCE OF MAYORS ON AUGUST 26, 1995 IN BARROW, ALASKA.

Alaska's Need for a Long Range Financial Plan

The Alaska Municipal League and the Alaska Conference of Mayors wholeheartedly support the efforts of the state in developing a Long Range Financial Plan for Alaska. The development of a Long Range Financial Plan, with supporting policies and implementation schedule, is absolutely critical to ensuring the best future for Alaska, its municipalities, and its people.

The Relationship Between the State and Its Political Subdivisions

Municipal governments currently provide approximately half of all public services in Alaska. (Total government service expenditures in Alaska are about \$4.7 billion, of which \$2.4 billion are provided by municipalities, and \$2.3 billion by state government).

Because both the state and local governments provide public services to the same people, and because both the state and local governments have taxing powers over the same people, it is not possible to create an effective Long Range Financial Plan for Alaska without the active involvement of both local and state governments.

Alaska Needs a Comprehensive Solution to its Fiscal Gap

Since 1986, almost every municipality in the state has developed and implemented a long range financial plan. The experience of Alaska's political subdivisions over the past ten years indicates that a Long Range Financial Plan should not depend on one solution alone, but a comprehensive array of solutions including all of the fiscal tools available including: spending cuts; consolidation; privatization; transfers of responsibility; wise use of reserves and savings; increased fees to direct users of state services and enterprise operations; user taxes to meet needs created by users (e.g. increase fuel taxes to maintain and improve roads, harbors, airports); new general taxes that increase revenue as population increases; and economic development.

Observations that may help the Long Range Financial Planning Commission follow:

- To avoid severe economic downturns, budget balancing actions must be taken early and gradually.
- There are currently strong budget and policy disincentives to state departments to act entrepreneurially to set market rate fees to direct users of state services. Municipalities found that user fees both help balance the budget and increase accountability to the public. In fact, direct services should not be provided by government free or at below market cost in most cases. Many municipalities were able to generate 5% to 15% more of their budget through user fees. A 5% increase for the state would be over \$100 million per year.
- Budget cuts that are taken without long term structural changes in services and service delivery systems are likely to have severe long term negative economic and social impacts on the state.
- Citizens more easily accept tax increases when the proceeds of the tax increase provide a specific related service they desire (e.g. fuel taxes to maintain transportation systems).

An example of a comprehensive strategy for a state Long Range Financial Plan follows:

Long term structural budget/service changes:	\$100 million+
consolidation	
privatization	
transfer of services/revenue to Local Gov't	
statutory changes	
budget and policy changes	
Increase user fees to market rates for state services	\$100 million+
Raise motor fuel tax to maintain roads	\$ 60 million
Raise marine fuel tax to maintain harbors	\$ 30 million
Aviation fuel tax to maintain airports	\$ 10 million
Tobacco and alcohol tax to pay direct costs in Public Safety, Corrections, Health and Social Services	\$100 million
New statewide tax (e.g. personal income tax)	\$150 million+
Economic Development	\$ 20 million+

The rough example above is not a recommendation, nor do all the revenues completely offset current costs (for example, the state is essentially not maintaining its harbors now), but it is an indication of how a comprehensive long range financial plan for the state may rely on a number of components.

Local Government Partnership Council

The Alaska Municipal League and the Alaska Conference of Mayors have set the development of a state long range financial plan as their highest priority. The AML/ACoM offer the service of municipalities to the state in the development of the state's long range financial plan.

The AML/ACoM recommend the creation of a **Local Government Partnership Council**. The Local Government Partnership Council would consist of municipal representatives appointed by the AML/ACoM and members appointed by the state. The most important role of the Council would be to achieve consensus on services that could best and most efficiently be administered on a local level and ensure that adequate stable resources are available to maintain the service on a long term basis.

The Local Government Partnership Council would also help coordinate education of the public and support for the implementation of a state long range financial plan as well as make suggestions for the development of the plan.

Transfer of Current State Responsibilities to Municipalities

A municipality's power to provide services and to raise revenues is derived from the state. Alaska's constitution calls for "maximum local self government" and provides that "agreements, including those for cooperative or joint administration of any function or powers, may be made by any local government with any other local government, with the state, or the United States..."

Some services currently provided by the state may be more efficiently, or effectively provided under the administration of local governments, and under the policy direction of local residents.

The AML supports the negotiation of service responsibility transfers from the state to municipalities provided the state actively enters into good faith negotiations with municipalities to identify stable adequate revenues to undertake the transferred services.

Specifically, the AML supports entering into negotiations with the state to transfer the responsibility for operation, maintenance, and improvement of harbors, some classes of local roads, and some classes of air transportation facilities with the long term commitment of the state to share fuel taxes, and other revenues, with municipalities to supplement direct user fees. Other services may include some health and social services, public safety services, direct support services to local government, education services, etc.

Specifics of the transfer negotiations should be proposed by the **Local Government Partnership Council** discussed above.

Fair Distribution of the Resources that belong to All Alaskans (Municipal Revenue Sharing Programs)

All states provide some form of revenue sharing to their political subdivisions because states are the only taxing authority that can fairly allocate a state's resources to ensure that all citizens receive a basic level of public services. According to the 1994 federal ACIR Report, the **average nationwide state contribution of state revenues to local governments is 34.2%** of local government budgets.

Without state revenue sharing, some areas of a state would not receive a basic level of health and safety services while other areas would pay disproportionately higher local taxes for those services. Over the past ten years, cuts to MA/SRS, and other state programs that provide funds to local governments, have been so severe that they have destabilized some communities, forced some dissolutions of municipal governments, and effectively increased local taxes as much as the equivalent of ten mills of property tax. **When municipal governments dissolve, the long term cost to the state is much higher than the cost of Municipal Assistance/ Revenue Sharing.**

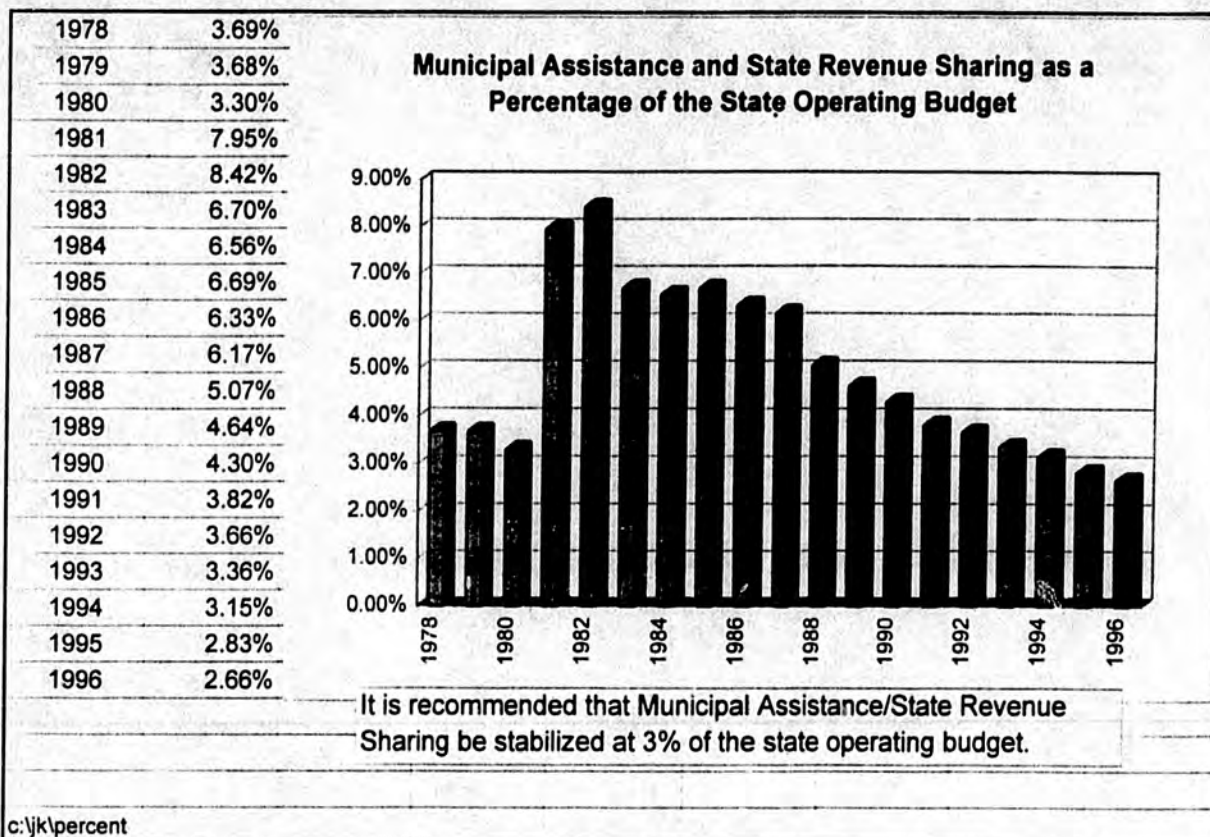
Currently, Alaska has two main general revenue sharing programs for municipal service operations: Municipal Assistance (MA) and State Revenue Sharing (SRS).

The AML supports a consolidation of the Municipal Assistance and Revenue Sharing programs into one that allocates funds considering the level of basic municipal services provided by each community (public safety, health, local share of education, road maintenance, water/sewer), population, and the financial resources of the community.

Most important, the AML supports a **stable revenue relationship** with the state to promote local fiscal planning and to promote local economic and community development.

Municipal Assistance/Revenue Sharing (MA/RS) in FY96 was 2.66% of the state operating budget. It has declined from approximately 8.00% of the state operating budget in 1982 and was 3.68% of the state operating budget in 1979.

The AML and Conference of Mayors supports a stable funding of MA/RS at the level of 3.00% of the state operating budget so that the funding of municipalities is consistent with the resources of the state. The AML and ACoM support a freeze of funding for MA/RS at the 1996 level of funding until the state budget adjusts or decreases to the point where the 3.00% relationship with MA/RS is achieved. The standard of setting MA/RS at a percentage of the state operating budget is used in other states (see appendix).



Capital Project Matching Grant Program

Alaska has also implemented a capital project revenue sharing program, the **Capital Matching Grant Program**, to fairly provide a basic level of support to municipalities to construct basic public facilities as determined necessary by the local community.

The AML supports the continuation and stable funding of the Capital Matching Grant Program because it is an effective revenue sharing method that provides for a basic level of community capital public facilities and promotes local self determination.

Education

The Alaska Constitution states, "The Legislature shall by general law establish a system of public schools open to all children of the State...". Open access to a quality education is a primary right guaranteed by the Constitution. All states provide support for education. The

nationwide average of education transfers versus all other transfers to local government is 62.1%, according to the 1994 ACIR Report, while Alaska is close to the national average at 59.7%

The AML supports efforts to increase the efficiency and effectiveness of education programs for our children, such as the changes proposed by the Alaska Association of School Boards, and other efforts to increase local flexibility in providing cost efficient and cost effective education.

The AML supports the effort to restructure the school foundation program to more equitably and effectively distribute the state resources for education. The AML does not support a 50 to 100% increase in mandatory local taxpayer support for schools.

The AML supports application of the priority-based school construction and maintenance grant programs established by AS 14.11.007-019 equitably to all districts. The AML supports the addition of an incentive to encourage communities to achieve higher maintenance standards and reward those that properly maintain their facilities. The AML urges the legislature to consider statewide bonding for ongoing school construction and maintenance needs. (AML Policy Statement p. 23)

State Unfunded Mandates on Local Governments

An unfunded mandate is a responsibility mandated by a higher level of government to a lower level of government, without providing funding to carry out the mandate. In 1994 the federal government passed a bill to protect the states against unfunded federal mandates. Many states have enacted similar bills, or constitutional amendments, protecting their municipalities against unfunded state mandates. Such a bill for Alaska will be a means to ensure a long term stable relationship between the state and its political subdivisions.

The AML/ACoM supports the enactment of a municipal "unfunded mandates bill" to provide protection from unilateral decisions on the part of the state that have the effect of forcing municipalities to raise local taxes or cut services.

Senior Citizens Property Tax Exemption

The AML/ ACoM supports the enactment of the Senior Citizen/ Disabled Veteran Property Tax Exemption as a local option or with a reasonable cap on the growth of the program at a level similar to other states. This program began with full state funding. Over the past several years, the state has almost eliminated state funding for the program yet requires local governments to grant the exemption without regard for the financial need of the individual recipient, or other reasonable criteria. The current cost to municipalities is about \$17 million per year.

Other State Programs That Ensure a Basic Level of Services to Alaskans

Many areas of the state, especially rural areas, have a very small local tax base. Over the years, state programs have been developed to target specific basic services to these areas. Such programs include: Power Cost Equalization; Village Safe Water Program; Public Safety Officer Program.

The AML supports the inclusion of these programs into the long range financial plan as part of the comprehensive strategy to provide basic services to all communities in the state.

Local Self Determination and Tax Equity for all Citizens of Alaska

The AML supports the formation of new local governments to promote local self determination and to provide a mechanism for all citizens to participate in paying for services they consume according to their ability to pay.

The AML supports the equitable financial participation of all communities and all residents in the funding and support of basic government services including education, public health and safety, and other basic services.

New Tax Revenues for the State

The State Long Range Financial Planning Commission has asked the AML/ACoM what major new revenue sources it supports if new revenues are enacted.

As part of a long range financial plan for the state and municipalities, the AML recognizes that action must be taken to incrementally introduce new revenue sources for the State well in advance of a financial crises. The 1995 AML Policy Statement urges consideration of the following revenue options if new revenues are a part of the long range financial plan:

1. Personal Income Tax- (AML Policy Statement p. 16) The AML supports legislation to reinstate the state income tax, with a tax credit for local participation in sales, personal, and real property tax, to allow for maximum capture of revenue from non-resident employees working within Alaska.
2. Use of Permanent Fund earnings for Municipal Support - (AML Policy Statement p.3) The AML supports the use of Permanent Fund undesignated earnings for revenue sharing, municipal assistance, education foundation formula, school debt reimbursement, and school construction and maintenance projects on the Department of Education priority lists established under the provisions of AS 14.11.
3. Sales Taxes - Sales taxes are a primary source of municipal tax revenue. Ninety five municipalities currently have sales taxes ranging from 1.5% to 7% plus a variety of special taxes. The AML Policy Statement does not support a statewide sales tax because of the potential for negative impacts on the diverse sales tax programs in Alaska's municipalities. While it is possible to levy a statewide sales tax, it is critical that municipalities retain reasonable flexibility in the use of this revenue source and that any exemptions be carefully considered to avoid diminishing this revenue source. Municipalities must be guaranteed the long term receipt of 4 or 5% of the tax proceeds and have a significant voice in setting exemptions from the sales tax and the levy of special taxes, such as bed taxes that largely affect visitors
4. Fuel Taxes to support municipal and state transportation systems - Currently, the state tax on motor fuel is \$.08 per gallon and on marine fuel is \$.05 per gallon. The national average motor fuel tax is \$.18 per gallon. The AML (AML Policy Statement p.44) supports increased fuel taxes, and other transportation related fees, sufficient to support

state and municipal transportation system needs, i.e. roads, harbors, airports, marine highway.

5. Property Taxes - Property Tax is the primary source of revenue for many municipal municipalities. This revenue source is carefully balanced to provide for local service needs while not overburdening the local citizens. This revenue source is highly utilized by municipalities. The AML/ACoM strongly recommend that the state reserve this revenue for municipalities.

Excess Tax Capacity

The Commission has asked the AML/ACoM to comment on the state use of "excess tax capacity" in Alaska. The Commission shows that, considering the Permanent Fund Dividend and all state and local taxes, the average Alaskan has a net revenue gain while other residents of other states pay significant net state and local taxes.

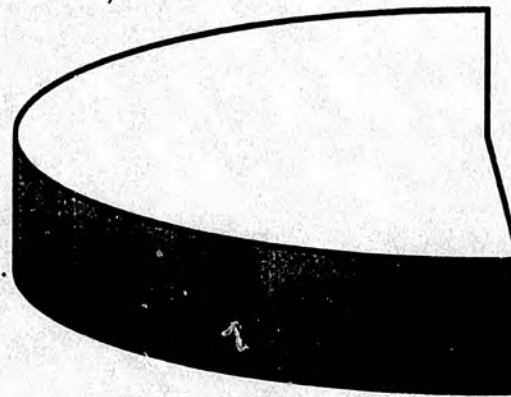
In Alaska, local sales and property taxes are near maximum in many communities. The state has used 0% of its tax capacity since the state has essentially no individual taxes. The AML/ACoM recommends that the state first consider its excess tax capacity in tax areas not currently utilized by municipalities.

Cuts in Municipal Programs

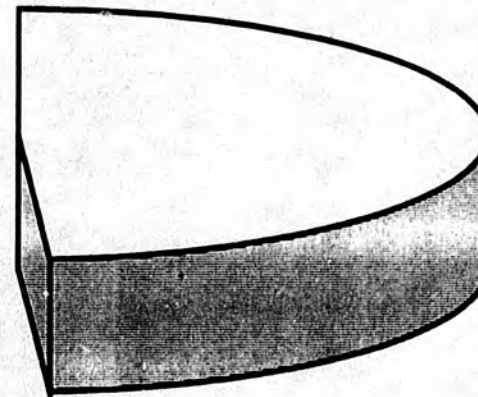
The Commission Chair asked the AML/ACoM what cuts to municipal programs it would recommend if the Commission decided to recommend \$10 million in direct cuts. As stated in an earlier section, the AML/ACoM supports well planned structural changes in state or municipal programs that result in savings. The AML/ACoM has offered several structural changes above and has offered to continue to work to plan and implement these and other changes. The AML/ACoM strongly opposes additional across the board cuts that simply pass problems along to local government and/or have greater long term costs to the state; (e.g. cuts in Municipal Assistance/ Revenue Sharing have the long term impact of giving small communities an incentive to dissolve and pass education and other service costs back to the state.)

**Comparison of Alaska's Public Services
by State Government vs. Local Governments**

Local Gov't Public Services
(\$2.4 billion)

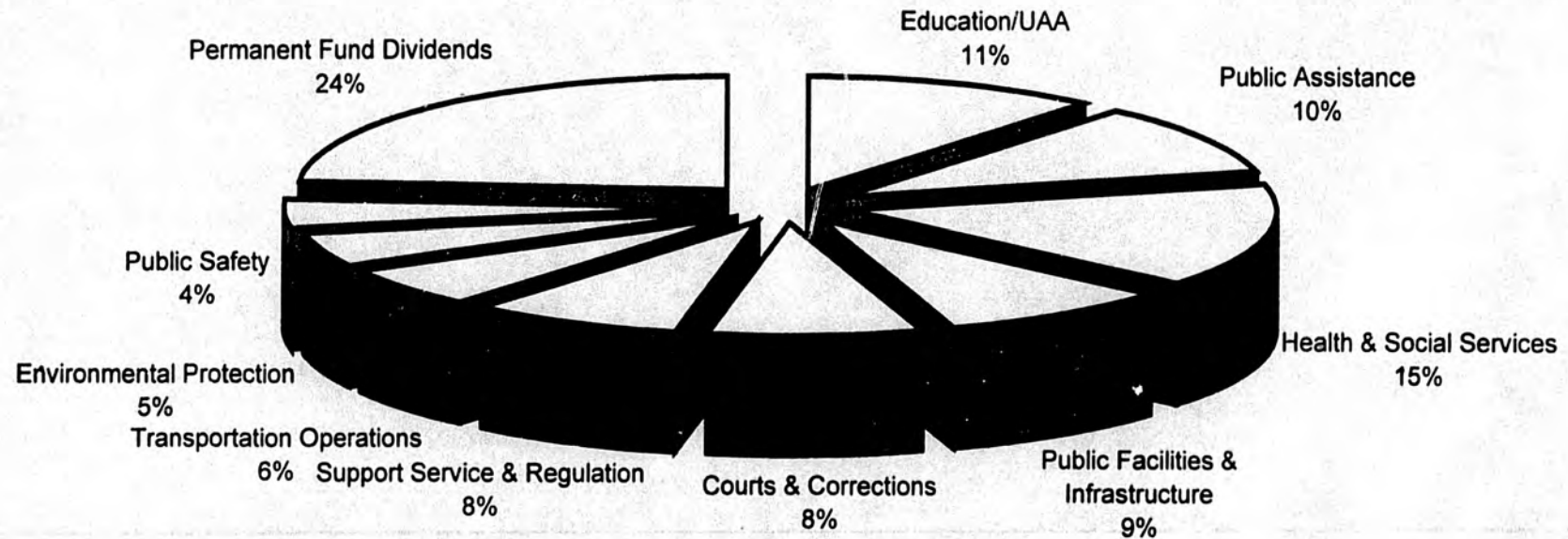


State Gov't Public Services
(\$2.3 billion)

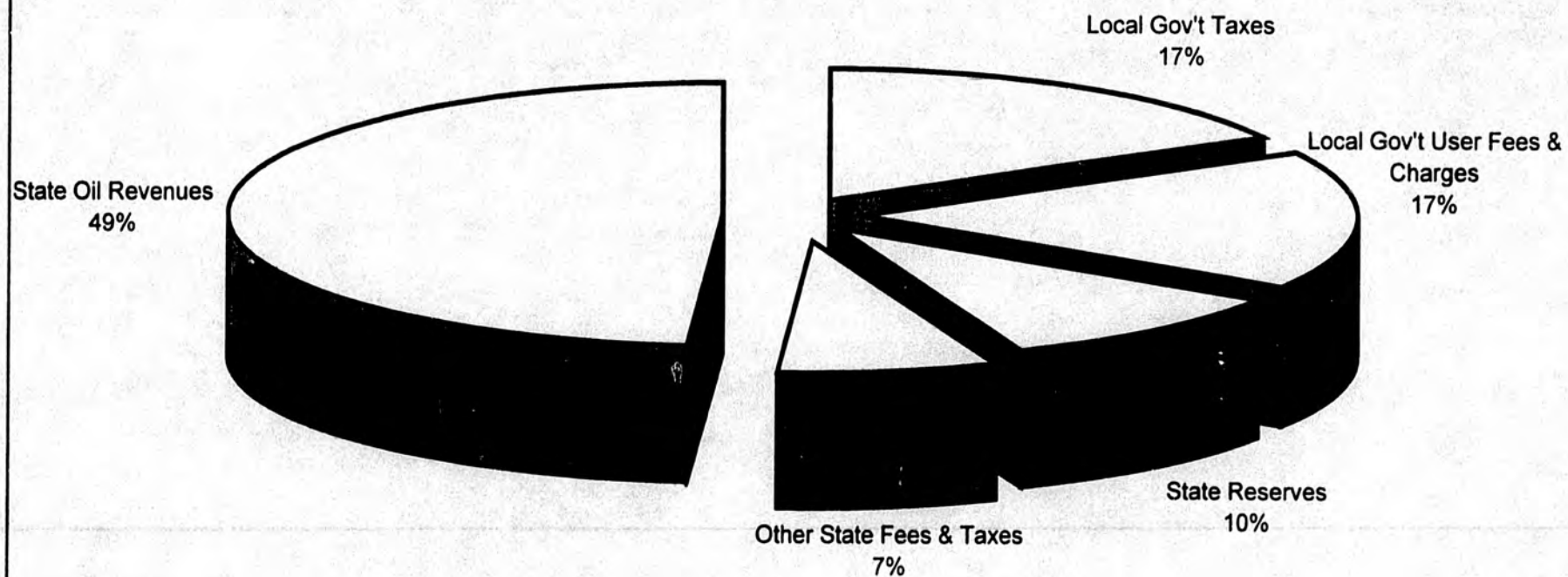


Source: Dept. of Community & Regional Affairs FY 93 Municipal Fiscal Database; OMB Long Range Fiscal Planning Commission "base case" budget analysis; Department of Education.

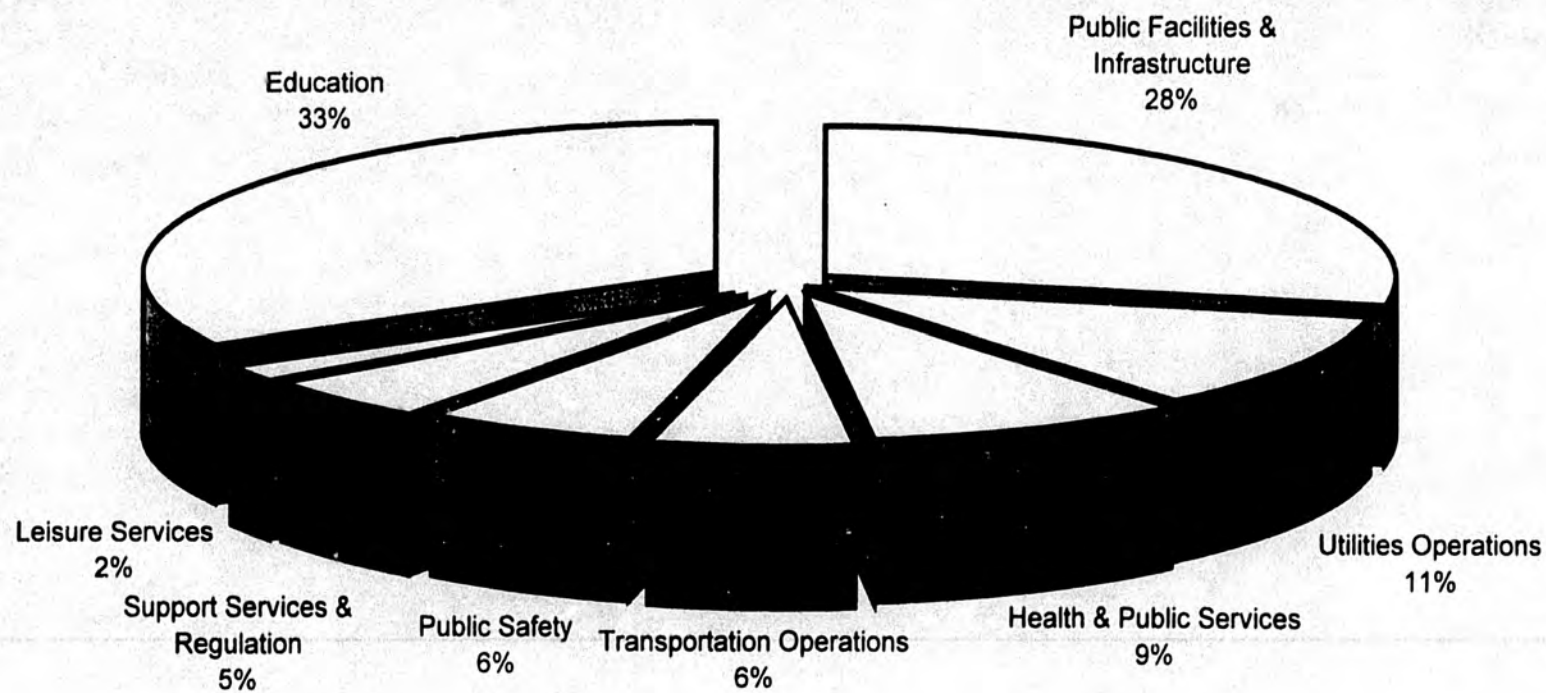
**Services Provided by State Government in Alaska
(total \$2.3 billion)**



Funding of Public Services in Alaska (excluding Federal)



Services Provided by Municipal Governments in Alaska
(total \$2.4 billion)



LRFP - received
9/6/95 Rkw

August 18, 1995

To Whom It May Concern:

The following Article was ran in the Perninsula Clarion July 28, 1995. I have personally recieved telephone calls from 45 different State employees and 60 individuals regarding the matter at hand. All are in favor of this proposal and would like to know what else can be done about halting more pay increases that are in effect or are soon to be approved.

The problem at hand needs to be looked into thoroughly and not put on the back burner any longer. From the department of Administrations explanation of how they determine pay ratio goes as follows: Looks at job requirements for each position and then compares it to what Government, Borough, Other States and then private Companies pay. With that in mind all employees paid by taxes are in a higher pay rate than in most companies.

Ask yourselves if you don't start the "halting process" then who will? Does every-one Benefit from those who are "GREEDY"? Definition of greedy; wanting or taking all that one can get, with no thought of others needs; desiring more than one needs or deserves. And fineally, why should the people have to pay for something twice because of the States previous negligence of the finances? It only seems logical that you not give someone a pay raise when you are already working in the "RED"!!! I am sure you also wouldn't purchase one vehicle twice at the same time, just because the Salesman said that that's how much it was!

The State is asking for a portion of "everyones" dividends, but what is the State willing to sacrifice?????

This is per Joe Thomas at 465-5616 in Juneau with the Division of Finance who kindly furnished this information:

1995 Alaska State Employees Salary

WAGES: 544 Million Dollars
BENEFITS: 338 MILLION DOLLARS

Now can you honestly say that you have no other means of balancing the BUDGET without getting your greedy hands on the permanent fund money?

Sincerely,

Marie Brooks

Marie Brooks
HC3 Box 904-B
Soldotna, AK 99669
(907) 262-3927

CUTBACKS YOU SAY?!!!!

Okay I'll agree that it is long overdue and desperately needed. Well now you say how do we go about it? I say start from the top and work to the bottom not vice versa! So you are now wondering exactly what do I mean. Sit down and hold on because you're not going to like it, but it is the most logical. Since this is obviously not the seventies stop spending such an outrageous amount for the "State Employees."

Here is just a small example of what I have researched so far, For the "Average worker" it goes as follows:

<u>Title</u>	<u>Amount</u>	<u>Total</u>
Clerk/Researcher	\$7.50 hr	\$14,400.00 year
Secretary II	\$10.00 hr	\$19,200.00 "
Mechanic non-union	\$15.00 hr	\$28,800.00 "

Now with that in mind take a look at what the "State" pays for the same job. But don't just stop there check at how much each of the "Representatives, Aides, and other high State Officials are making. This is from the State Personnel Office which goes as follows:

<u>Title</u>	<u>Amount</u>	<u>Total</u>
Admin. Clerk I	\$10.68 hr	\$20,505.60 year
Secretary II	\$13.52 hr	\$25,958.40 "
Mechanic Union	\$16.65 hr	\$31,968.00 "
(After 7 mths)	\$19.95 hr	\$38,304.00 "
Legislatives		
Sec./Researcher (Beginner)	\$17.16 hr	\$32,952.00 "
Assistant (Starting salary)	\$25.97 hr	\$49,860.00 "
Rep./Senators (+they get per- diem)	\$12.50 hr	\$24,012.00 "

Are you surprised at the difference? Oh and by the way check on the benefits issued to most of the "private workers" verses the "state workers".

Now if you take \$5,000.00 at least from each state employee and I'll just use a figure of 640 State employees since I could not get an estimate from them, that in itself would save the state \$3,200,000.00 per year!!!!

With all that said and done now it just needs to be acted upon. Take a State wide poll of this proposal and you will undoubtedly get a positive response to get this acted upon as soon as possible.

If your community is dirty you shouldn't go telling everyone else to clean up their yard first when your's is the worst. Take a look at your yard and do something about it, and then go to the others.

So in other words start with Governor Tony Knowles, then yourself and so on. I watch my money and I don't like where it's going.

Second---When in session cut the "CRAP" out! No parties on my time and money. That's not what you are there for. Discuss personal problems on personal time. If you have to do Time Management and find out exactly what gets done then do it and efficiently. CAUTION: It doesn't cost \$400,000.00 to do the Time Management Analysis either.

Third---If you have an employee who has constient legitiment complaints against him/her then they should be relieved of their job and loose the priveledge to work for the State. Keep in mind that they are working for the people of the State of ALASKA.

Fourth---Do you have a contractor working for you? Are they doing a good job, and is the job done on time? No you say, then it's time you get someone who can do the job and for the original contractor they are removed from the list with no further chance of being put back on!

Fifth---Are you not happy with this?! Then get a real wake up call and work for the private sector. And let someone who can do a good job, and who will be more than happy to take your place. A good secure job with excellant benefits and of course highly paid is easy to come by, so you wouldn't have a hard time finding another one!

So with that all said and done you're proposing to take our Permanant Fund Dividends away or raise State Taxes to cover your spending habits. I THINK NOT!! At least not until the employees of the State of Alaska start being responsible for their own actions/pay. Why should everyone have to pay more taxes to cover the states incompetence. I elected you in office to control the spending not increase your pay. But just put this down as a big lesson and start fresh. Is it really that much to ask for? Times are changing so get with it and start changing the States spending habits today.

To all those Alaskans out there you had better wake up and find out just where your money is being spent, and do something about it. If it isn't getting done, or costing too much, or just being ignored you need to speak out or you will never be heard!

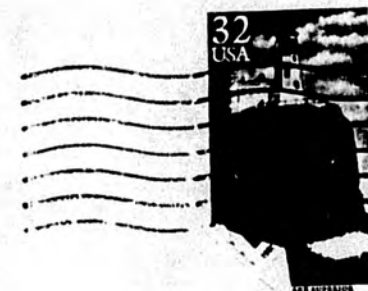
If you are interested in changing the pay of your employees who work for the State of Alaska contact the State Department of Labor. But don't stop there you will also need to get involved with making sure it gets put on the ballot to stop it today!!!

Sincerely yours,

Your Boss, Concerned Taxpayer, Mother of three and Small Business Owner
Marie Brooks
HC3 Box 904-B
Soldotna, AK 99669

BROOKS
HC3 BOX 904-B
Soldotna AK 99669

URGENT

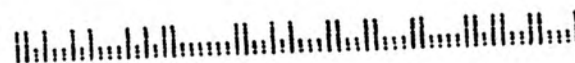


rec. 9/6/95

Financial Planning Commission
716 W 4th Ave. Suite 470
Anchorage AK 99501

ATTENTION: BOB

99501-2133 95





CITY OF HOONAH

P.O. Box 360 • Hoonah, Alaska 99829 • (907) 945-3663 • FAX (907) 945-3445

August 21, 1995

Long Range Fiscal Planning Commission
Brian Rogers, Chairperson
716 West 4th
Anchorage, Alaska 99501

Dear Mr. Rogers:

For the past three years small communities such as Hoonah have fought hard to keep the Legislature from cutting Municipal Assistance and State Revenue Sharing completely. In the past six years they have cut the funding for both Municipal Assistance and State Revenue Sharing more than 50%. As a small community with only a 4% sales tax for revenue we would be unable to continue providing services to the people of Hoonah if they eliminate these two programs.

The City of Hoonah feels that it would be a major mistake to completely eliminate the Municipal Assistance, State Revenue Sharing, Capital Matching Grants, and other Municipal Grants and Programs. Every year when our Finance Committee works on our budget it gets more complicated to find the money needed just to provide basic services.

As the Mayor of Hoonah I have been working on finding the needed resources from both the State of Alaska and from the Federal Government to build a much needed water treatment plant. In the past three years we have had little to no success and with each passing day it continues to get harder to provide treated water to our community.

As I stated in my first paragraph without these programs, small communities will be forced too dissolved. If that happens the cost to the State to provide these services will be much higher. Small government issues are not an easy task. Any cuts to the School Foundation Funding Programs affect the local government. The local fishermen are having a very slow if not bad year and the effects will show in our Raw Fish Tax. The Subsistence issues, the IFQ issue, all these affect the City along with the cut backs in the fishing season. The total lost of forest service receipts will also drastically effect the City and the School. Generators generate our power and without the power equalization fund most of our citizens cannot afford power to their homes. Our community is also going to have to face what the Welfare Reform Act will do to some of our citizens.

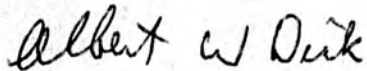
Page 2

Long Range Fiscal Planning Commission

So what I am asking you, when the committee is sitting around making suggestions to the Governor concerning long range fiscal planning. Please do not forget what the effects are going to be not only to the State, but also the small local governments.

I would like to thank the committee for taking the time in reading this letter, and to ask that they keep us informed concerning any recommendations your commission may develop.

Sincerely,



Albert W. Dick, Mayor

cc: Governor Tony Knowles
Senator Fred Zharoff
Representative Jerry Mackie
Kevin Ritchie, AML Executive Director
Senator Jim Duncan



PRESTON GATES & ELLIS
ATTORNEYS

August 30, 1995

Long Range Financial Planning Commission
716 W. 4th Avenue
Anchorage, AK 99501

Re: Statewide Sales and Property Tax; School Debt Reimbursement Program

Ladies and Gentlemen:

I do not envy you your thankless and difficult task as Commission members. I am sure many of the responses you receive to your preliminary report will be in the nature of "not in my backyard," "not my Permanent Fund Dividend check," "no new taxes," or "that is politically impossible." This letter may sound like an attempt to protect a backyard.

Although I have been involved since the mid-60s as either an elected municipal official or a municipal attorney and currently represent several municipalities as either general counsel, bond counsel or special counsel, I am writing as a student of Alaska local government, and not on behalf of any of my clients.

At the hearing you conducted on August 5, 1995 for the AML and Alaska Conference of Mayors, the topic of a state sales tax and a state property tax arose and a request was made for data comparing the fiscal capacity of Alaskan municipalities in the sales and property tax area with the capacity of municipalities in other states in sales and property tax. If that was the scope of the request, I would urge you to be cautious about drawing any conclusions from such data for a number of reasons.

State Sales Tax

Alaskan municipalities have, since before statehood, grown to rely upon the sales tax and a general property tax for their revenues. With the exception of a few municipalities that have established a part of their tax structure based on economic activities arising out of natural resource activities (e.g., mining) Alaskan municipalities generally have not ventured into other areas of taxation. Unlike their counterparts to the south, they have not established a diversity of tax sources.

As you are aware, many of the smaller boroughs and cities have little or no real property tax base, the bulk of the land within their jurisdiction being federal, state, ANCSA, Native

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allotment, or Native townsite land which is exempt from real property taxes. To the extent these municipalities are able to raise tax revenues locally, they must look to a sales tax. If the state were to implement a statewide sales tax, in all likelihood these municipalities would lose their only practical, substantial source of local tax revenue. Even if the state were to allow a municipality to piggy back on the state sales tax, it is doubtful there would be enough capacity (politically or practically) for the state levy and for what is required by the municipality. Municipal sales tax rates throughout Alaska range from one percent to seven percent with the bulk of the taxes falling in the two to five percent range. Where a borough levies a sales tax, it is levied on top of sales taxes that may be levied by cities within the borough, thus increasing the actual rate applicable to a sale within such cities. An unscientific observation of some of the states that permit a city to piggy back on a state sales tax shows that such municipalities are given authority to levy only a very small part of the total levy. If this allocation between state and the local piggy back sales tax were applied in Alaska, I fear this critical source of revenue for cities and boroughs without a real property tax base would essentially disappear.

Under a state sales tax with a municipal piggy back, it seems unlikely that the state would permit municipalities to create exemptions that differ from those of the state. It is also likely that the state would determine to exempt sales that are currently the major source of revenue for some municipalities. For example, a number of coastal cities and boroughs levy a sales tax only on the sale of raw fish, essentially exempting all other sales. The tax on raw fish sales ranges from one percent to three percent, with the bulk of the municipalities levying a two percent tax on raw fish sales. If the state were to levy a sales tax substantial enough to produce significant revenues for the state and, at the same time, allow the municipalities to piggy back at a rate sufficient to replace the local tax revenues that would be lost, it seems reasonable to assume that the sales tax on raw fish would double or triple if there were both a state and local levy on such sales. Such a rate could affect the market for Alaska seafood products.

Additionally, under a piggy back system, such municipalities would probably be forced to levy its portion of the sales tax on the same transactions as those subject to the state tax. This would substantially reduce the ability of municipalities to tailor a sales tax to the needs and unique situations that exist in different municipalities.

At least one borough in this state has issued several million dollars of general obligation bonds to the Alaska Municipal Bond Bank. This municipality does not levy a property tax and relies for its local revenues upon a raw fish sales tax. The Bond Bank and those in the bond market who bought the Bond Bank's bonds on these issues relied upon the existence of the borough's raw fish tax revenues in determining that the bonds were a reasonable credit risk. At least one other borough that relies heavily on a raw fish tax and a city that relies on a sales tax are currently dealing with the Alaska Municipal Bond Bank with respect to the Bond Bank's purchase of their bonds. Any incursion into the authority of municipalities to levy sales taxes would undoubtedly not only have an adverse effect on the credit rating of such municipalities, but would adversely affect the ability of such municipalities to repay their existing debt.

In any analysis of a state sales tax as a source of state revenue, the Commission must take a realistic view of the way such a tax would be imposed and of the variety of impacts the imposition of such a tax would have in the many different municipal settings within Alaska.

Tax Data From Other States

In any review of data comparing the sales and property tax capacity of Alaskan municipalities to that of other states, the Commission must bear in mind a number of factors that would make such simple comparisons highly misleading. First, where a state sales tax is levied there is generally a cap on the rate a municipality may levy. The same applies to property taxes, and municipalities in many states are up against their caps. In many states, valuations are (constitutionally, statutorily, or by practice) set at some level less than 100% of full and true value. In a state that mandates assessments at 50% of full and true value, a 20 mill levy is roughly equivalent to a 10 mill levy here in Alaska where assessments are required to be at 100% of full and true value. Ohio, for example, recently set its assessment ratio at 22.5%. In some states, counties are required to levy a property tax which it then must share with the different cities, towns and special purpose districts within the county. Additionally, many states require the levy of a county property tax which is returned to the state for redistribution to school districts or to counties for education or other purposes. In many states, municipalities levy numerous other taxes such as income tax, business and occupation tax, land sale/recording tax, employment tax, and others. Because of the large amounts of tax exempt property within many Alaskan municipalities, and because of the very low or narrow range of economic activities that occur within many of our municipalities, it may not be possible to draw a valid conclusions from a comparison of sales tax and property tax capacity in Alaska with the appearance of such capacities outside the state. The lack of practical alternatives to these two sources of local revenue in Alaska would make the fruits of such an investigation suspect.

School Debt Reimbursement Program

Under Scenario No. 1, the proposal is made to eliminate the school debt reimbursement program. As you might imagine, this would have serious effects on the budgets of most municipalities that are also school districts (all boroughs, unified municipalities and all first-class and home rule cities that are outside boroughs). The impact would be most serious for those boroughs that have school debt and in which the education function is the primary function of the borough. In such cases, a greater percentage of local revenues would be devoted to school debt retirement than would be in municipalities that provide a number of additional services and functions. Additionally, the impact of the credit rating of municipalities and the State of Alaska should be considered before any recommendation for such a change is considered. Elimination of payments under the program would be not only a breach of faith with municipalities that issued bonds in reliance upon the promise of reimbursement, but would undoubtedly generate a negative view by the bond market of Alaska's credit. Official Statements issued by the Alaska Municipal

Bond Bank or by municipalities in connection with the issuance of school bonds point to the state school debt reimbursement program. Even though such discussions are accompanied by the caveat that the reimbursements are a subject to annual legislative appropriation, a history of the rate of reimbursement compared to the actual entitlement as almost always included in such discussions. The high rate of reimbursement to entitlement these comparisons show has led bond buyers to believe the state has a reliable record of honoring its statutory obligation to reimburse school debt and has served to reassure bond buyers and bond holders of the substantial state participation in providing funds that can be used for debt service on school bonds. Deletion of payments under the program would most certainly have a negative impact on the credit rating of the state and most municipalities. As the debt service payments must be made, such a move would only have the effect of shifting this burden from one public treasury to another public treasury and creating a negative impression of Alaska and its municipalities in the bond market.

The reputation, experience and background of the members of this commission will give the Commission's final report to the legislature a great deal of credibility. I urge you to proceed with an abundance of caution when analyzing the prospects and impacts of state sales and property taxes and the elimination of the school debt reimbursement program. Thank you for your time and consideration on the foregoing.

Respectfully,

PRESTON GATES & ELLIS

By:

Gerald L. Sharp



GLS:shm

c: Kevin Ritchie, Executive Director (AML)

JOHN A. LUND

P.O. Box 202460, Anchorage, Alaska 99520
(907) 333-5037

Good Morning,

I'd like to save money.

- 1) Two tier contracts for all state employees. New employees start at 15% lower.
- 2) Use it or lose it annual leave policy. No pay off for annual leave.
- 3) This includes school districts. No buyouts of multi year contracts.

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A state employee may only contract for 2 years. And they must serve the term of the contract, no extended contracts after one year.

4) Develop grant that encourage school districts or municipalities to cut the cost of employees not essential jobs. You can have more teachers if you cut the average cost of a

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teacher. We don't need to
cut jobs, we need to cut the
cost of an employee.

5) Limit travel by state
employees

6) Develop a commission to look
at limiting legal costs for
the state, school districts, and
municipalities. School districts
spend \$100,000 and more for legal
fees!

J. A. U

■ **SPILL DRILL:** Response exercise keeps oil field workers on their toes.
Page 3

■ **BUSTED:** Kotzebue police charge 27 with sale of alcohol, drugs.
Page 5.

■ Opinion.....page 7
■ Classifieds.....page 18
■ Crime.....page 20

TV Listings
Inside

The Arctic Sounder

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Serving the
communities of the
Northwest Arctic
Borough, the North
Slope Borough and
Norton Sound



Mayors, AML wrestle with fiscal gap

By Dimitra Lavrakas
Arctic Sounder

BARROW — Sixteen mayors from the Alaska Conference of Mayors and 13 board members of the Alaska Municipal League met for two days last weekend in Barrow.

For two hours Saturday both groups held a teleconference with the state Long-Range Financial Planning Commission, which was formed last March by the state Legislature to study and solicit comments from the public on the most effective way to close the state's \$513 million fiscal gap.

While some mayors from larger cities thought that splitting the Permanent Fund Dividend with the state might help, Barrow mayors voiced strong opposition.

"Maybe 100 percent of the population of 350 in Buckland are involved in subsistence," said Buckland Mayor Nathan Hadley. "They need the dividend for snowmachines, all-terrain vehicles. They gotta buy gas to hunt ugruks, belugas, fish, berries. A lot of people don't have jobs there, we have a lot of people working in the Red Dog (mine). And Public Health

See Conference, page 2



Above, Barrow Mayor Don Long, right, prepares to testify during a joint teleconference last Saturday that involved the Alaska Municipal Board of Directors, the Alaska Conference of Mayors joint meeting in Barrow and the State Long Range Financial Planning Commission in Juneau. At left, Anchorage mayor Rick Mystrom confers with another mayor during the Alaska Conference of Mayors meeting in Barrow last week.

Dimitra Lavrakas/Sounder photos

Mayoral incumbent receives challenge

Fern Greenbank
Arctic Sounder

KOTZEBUE — Northwest Arctic Native Association Vice President of Corporate Affairs Walter Sampson will challenge Northwest Arctic Borough Mayor Chuck Greene for his seat in the upcoming Oct. 3 elections.

Greene has served two terms as borough mayor and intends to seek another term.

Sampson was born and raised in Noorvik, served in the Vietnam War and began his career with NANA 22 years ago as a lands technician, moving up to director of lands and then to the vice president position.

In addition to his duties with NANA, Sampson is a member of the Federal Subsistence Advisory Council and the Bulk Fuel Task Force. He is a director on the board of the Alaska Village Electric Cooperative and chairs the joint Alaska-Canada committee responsible for monitoring the whale stock in

**NAB
Election
'95**

See Election, page 19

Officials: Water problems pose low health risk for residents

Fern Greenbank
Arctic Sounder

KOTZEBUE — Officials from the Alaska Department of Environmental Conservation and the Public Health Service say the likelihood of serious health problems from exposure to copper and lead in drinking water caused by acidity is low and there are steps Kotzebue residents can take to minimize exposure.

Recent reports by Kotzebue residents of blue-tinted water and

of the Alaska Area Native Health Service. "The greatest concern with lead intake is from lead-based paint, not water."

Copper is a natural metal found throughout the environment and is useful in human metabolism, according to literature distributed by PHS.

The presence of lead and copper occurs when water sits in copper pipes for prolonged periods of time.

"At elevated levels copper is considered a local irritant causing

Commission approves BP's scaled-down Badami project

By Dimitra Lavrakas
Arctic Sounder

BARROW — The North Slope Borough Planning Commission last Friday approved British Petroleum (Alaska) Inc.'s rezoning proposal for its buried, chilled oil pipeline at Badami. BP's request for rezoning of two off-shore blocks from Resource Development Districts to

Conservation Zoning Districts was approved in return for two resource districts along the coast.

Peter Hanley, a permitting specialist in BP's Environmental and Regulatory Affairs Department, said that the buried, chilled continuous pipeline will be the first of its kind on the North Slope. Buried under the permafrost, except at river crossings, and running 27 miles,

See Project, page 2

Senator gets cool reception in 'Indian Country'

David Hilden

hunters travel 50 miles or more by boat or four-wheeler

Conference

From page 1

Services is putting in a haul (water) system that'll cost \$200 per month per household."

Nuiqsut Mayor Leonard Lampe agreed on the importance of the fund to his village's residents. Lampe will not be running for reelection this October, because he wants to spend more time with his family.

The suggestion that a voluntary check-off system on the PFD application form would allow people to fund those programs that they want, but which funds are getting cut.

The possibility of an income tax was hotly debated, with AML chairman Tom Boedeker getting a round of applause for saying "I think an income tax is long overdue. People from out of state fly in here, make money and leave."

And indeed the commission is

considering a 1 percent income tax for individuals, along with a statewide real property tax, statewide sales tax, employment tax, corporate net income tax, highway motor fuel tax, marine motor fuel tax, aviation motor fuel tax, fisheries business tax, fishery resource landing tax, tobacco tax or alcoholic beverages tax.

Barrow Mayor Don Long, also president of AML, said that the state has to learn to live within its means and not look to the PFD or

the municipalities for relief.

"One of the main reasons we (AML) wanted to get involved in the fiscal process is that they're trying to balance the budget on the backs of the municipalities," Long said. "Some people want to use the PFD instead of getting fiscal responsibility. They have to start looking at other sources of revenue cutting instead of getting into the PFD."

"We (mayors) are the solution," said Juneau Mayor Dennis Egan.

"We balance budgets every year. A lot of communities have budget surpluses, because we know the emergency is coming. We have to convince the Legislature that the emergency is coming."

The commission will be taking public comment throughout September about what residents think should be done about the fiscal gap.

Call the commission at (907)258-8165 for the date of the nearest teleconference.

Health ...

From page 1

is required by the Department of Conservation. In August 1994, Kotzebue exceeded that level. A plan for treatment was submitted to the agency but never fully implemented. The city has had several department heads and treatment plant operators since that plan was submitted.

High exposure to lead can cause such health problems as impaired mental development, short attention

spans, hearing deficits, low birth weight and high blood pressure.

Moderate levels can cause general fatigue, irritability, difficulty concentrating, tremors, headaches, abdominal pain, vomiting and weight loss. These problems can be mistaken for other illnesses, the Public Health Service literature says.

Kotzebue Water Treatment Plant Supervisor Kurt Riemer said the city's water does not exceed "action levels" for lead at this time and the copper levels are not excessive, even though the pH has been low for some time.

As a general rule, residents should let their water run for a few minutes before using it because the highest concentration of lead and copper will be in water that has been sitting in the pipes, said officials from the Public Health Service.

Hot water tends to dissolve more lead more quickly than cold water, so it is recommended that hot water not be used for cooking or preparing baby formulas.

Evans said that copper and lead standards set in 1982 have greatly reduced the risk of exposure.

"Most federally-funded or HUD

housing has been free of lead solder for 10 years," Evans said. "Even older houses with copper pipes tend to build up a natural sealant with other minerals in the water over time."

The most typical source of copper and lead in drinking water is the plumbing and faucet bodies themselves, according to PHS. Even so, Evans emphasized that copper plumbing has been free of lead solder for more than 10 years. Bronze faucets sometimes use lead when they're cast but can easily be replaced.

On Aug. 9, ADEC issued a notice to the City of Kotzebue regarding its pH level. Environmental Engineer Lee Johnson informed the city that the DEC would require a "desk-top study" to make recommendations for corrosion control. Riemer and acting Public Works Director John Rae is now working with city officials to secure an engineering firm to perform the study.

Riemer said the easiest way to correct the pH and corrosion problem is to add soda ash to the water. The city is looking into ordering the chemical as soon as possible.

Reception

From page 1

said.

Gilbert and most of the other adults in the Arctic Village, 40 or 50 people in all, spent a good part of last Thursday with Sen. Frank Murkowski, trying to convince the chairman of the Senate Energy and Natural Resources Committee to reverse his position and block oil drilling on the coastal plain of the Arctic National Wildlife Refuge 50 miles north of here.

Murkowski, the Alaska Republican who will lead the push in Congress this fall to open the refuge's coast to exploratory drilling,

came here and to the neighboring village of Venetie to try and soften the strongest pocket of opposition to ANWR oil development in the state. It was the Fairbanks banker's first visit to the Gwich'in settlements.

Murkowski asked to meet with the Gwich'in after the board of the Alaska Federation of Natives, prodded by development-minded Native corporations, voted in June for the first time to support ANWR development.

Murkowski came to one of the most politically defiant regions of the state. In Venetie, he was greeted by a big green billboard saying, "Welcome to Venetie Indian Nation." Both Venetie and Arctic Village refused to participate in the Native

Claims Settlement Act, abolishing their corporations and turning land over to tribal governments.

Murkowski got a polite if cool reception. Hardly anyone came out of the Arctic Village meeting hall to greet him when he arrived. Leaders of the village, who have complained about not being given enough time to speak congressional hearings in Washington, forced him to sit at the front of the room and listen to a parade of villagers before being allowed to address the group. He applauded each one.

When Murkowski did speak, he was told to wrap it up after 10 minutes or so. When he stood to answer questions from tribal judge Gideon James, who also was standing at the front of the room, Murkowski was told to please sit down. James lectured him for 10 minutes on why opening ANWR is bad.

"If the caribou are in danger, then

the Gwich'in people are in danger, too," said Joel Tritt, a young tribal council member with shades and a headband over his long hair.

A huge spread of food was set out on tables, including pots of caribou soup and boiled chunks of caribou meat. A fresh hide hung on the wall. The room smelled of wood smoke and cooked caribou.

Murkowski's response was this: There's no reason to think ANWR drilling will substantially hurt the caribou. Studies show they calve over a huge area, much of it outside the proposed development zone.

The Gwich'in should look north, he said, to the cash-rich villages on the Slope, and he noted that the Gwich'in are not only dependent on caribou, but also welfare. The Gwich'in villages are some of the poorest in the state.

"I was thinking as your elders spoke about the transitions and

changes that are occurring," he said. "That evolution from straight subsistence to subsistence and welfare. I have heard concerns about education and concerns about the future of your youth. Those are legitimate concerns."

He said he's asked oil companies to shuttle workers from this region to the Slope if ANWR is developed, and also offered to give the Gwich'in a stronger voice in managing the Porcupine herd.

"What we're asking of you people is to respect us and our way of life," said Faith Gimmell, a 22-year-old villager. Murkowski thanked the group, shook some hands and headed home. Good meeting, he said. Back in the hall, Gimmell took her place in the food line and said the same thing.

"After this," she said. "I don't think he can go back to D.C. and say the Gwich'in think it's OK."

DO YOU HAVE BUGS IN YOUR BUGS?

HOW TO IDENTIFY SILVERFISH

Silverfish are wingless insects with a flat shape. The adults are about 3/4 of an inch long and are generally silvery, but can be a darker color. Nocturnal by nature, silverfish like to live near food

TO: LRFP MEMBERS
FM: MELISSA FOUR

Aug 17, 1995

OPINION

FACING THE FISCAL GAP: SOME ALTERNATIVES TO CUTS AND TAXES WE HAVEN'T TRIED YET...



GET STATE REVENUE DEPT. BUREAUCRATS OUT FROM BEHIND THEIR DESKS AND INTO THE BINGO HALLS.

SOUVENIR
T-SHIRT
SALES!



VISUALIZE A
BALANCED BUDGET



BUMPERSTICKERS!

Alaska State Policy Group

ADN 11 Aug 95

State fiscal panel nearing end of preliminary findings

By DAVID GERMAIN
The Associated Press

JUNEAU — A grab-bag of money measures — from reducing Alaska's dependence on oil revenue to bringing back the income tax — are under consideration by a panel examining the state's long-term financial troubles.

The Long Range Fiscal Planning Commission this weekend is putting finishing touches on a preliminary report to hold state spending in line with revenues.

Appointed last spring by Gov. Tony Knowles and legislative leaders, the 15-member panel is trying to come up with a business plan to deal with ongoing cash shortages that are expected to grow worse in the next decade.

The preliminary report, expected to be finalized at a meeting today and Saturday in Anchorage, makes no recommendations. That will come in October, when the panel issues its final report to the Legislature and the governor.

Many of the ideas the panel has discussed are old ones, such as reviving the income tax, a politically unpopular proposal that some commission members feel is inevitable.

Equally unpopular is a proposal to cap payouts to Alaskans from the state's Permanent Fund, using the excess revenues for government spending.

Panel members said no matter what recommendations they make, the message is clear: State government must make painful decisions over the next few years to avoid the sort of deficit spending that

'We're not in a crisis situation now. The problem is, if we don't do something, we will be in that position a few years from now.'

— Annalee McConnell, state budget director

plagues other states.

"We're not in a crisis situation now. The problem is, if we don't do something, we will be in that position a few years from now," said Annalee McConnell, state budget director and a member of the panel.

In recent years, the state has avoided budget deficits only by drawing on reserve funds, money that came largely from tax and royalty lawsuits against oil companies.

This year alone, reserve cash will pay for about one-fifth of the state's \$2.47 billion budget. If that keeps up, the reserve fund — now at about \$2.2 billion — could be gone over the next decade.

The state already has begun cutbacks, reducing spending this year. The commission is trying to identify other spending cuts, along with ways to bring in more money.

Oil revenues account for four-fifths of the state's annual income. But the uncertainty of oil prices, along with declining oil production from the vast Prudhoe Bay field, makes it hard to predict revenues.

While state officials want to develop new business to offset those revenues, oil money will continue to be Alaska's main source of income for the

near future, said Rep. Sean Parnell, R-Anchorage, a commission member.

"There's no way we can hope to diversify our revenue base enough in the next 10 to 20 years to make up for declining oil revenues," Parnell said. "Prudhoe Bay is the mother lode of state government, and there's no way we can replace it."

That has led to stronger talk of new taxes, whether increasing motor-fuel taxes or bringing back the personal income tax eliminated in the late 1970s, when the state was flush with new oil cash.

"Everyone involved in government finances is kind of sorry we did away with the income tax," said Bruce Ludwig, a commission member and business manager of the Alaska Public Employees Association, a union representing 1,200 state workers. "It's going to be real hard for people to accept paying it again."

Parnell and other Republicans who control the Legislature have said that the public will not accept any new taxes until the state brings spending under control.

Panel members from both parties said that will remain one of their key goals as they develop their final report this fall.

TO: MEMBERS, LCP
FM: HAFOLSE

Aug 17, 1995

Vo

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.

Muddled musings

EACH YEAR about this time, Sen. Daniel Patrick Moynihan issues a report that shows during the previous year New Yorkers paid more taxes to the federal government and received less back than most other states.

According to the New York Democrat, states in the Pacific Northwest and Deep South receive far more federal dollars than the amount of taxes paid. Alaska, as usual, heads his list of undeserved states that receive surplus payments.

Sen. Moynihan may need some help in putting a perspective on his economic data.

The federal government owns almost two-thirds of the land mass in Alaska, more than 200 million acres. It owns very little of New York state.

The feds, for the most part, prohibit Alaskans — or anyone, for that matter — from developing the abundant natural resources on federal lands in this state. In royalties alone, the state believes it has lost some \$29 billion because of the policies governing federal lands.

Less than 1 percent of Alaska is in non-Native private ownership. Almost all of New York is in private hands.

The solution? If Sen. Moynihan wants Alaska's balance sheet to be more like New York's, he should support taking the federal shackles off Alaska development and allowing this state to chart its own destiny. Alaskans would gladly pay their fair share of federal taxes if the economy were allowed to move ahead.

Plan ahead

AFTER FOUR months of public hearings, in-depth briefings and much discussion, the 15-member, blue-ribbon panel appointed by the governor and Legislature to recommend a long-range fiscal plan for Alaska has issued its preliminary report. The bottom line? Alaska has a serious financial problem, and it's getting worse.

Gee whiz, you may be saying. Why do we need a special committee to tell us what we already know? Hold on, there's more.

In its 50-page report, the Long-Range Financial Planning Commission provides a thumbnail sketch of the state's finances and a summary of the options available to close the fiscal gap, now running about \$500 million a year. The report makes for a quick read, and it's easy to follow.

The commission on Oct. 1 is to recommend to the governor and Legislature the action it believes the state must take. For now, however, the preliminary report should interest anyone who stands to be affected by the final policy decisions — and that means all of us.

Get your copy of the report by calling 271-5978, or stopping by the commission's office at 716 W. 4th Ave., Suite 470.

ADN 11 Aug 95

More gas will enter pipeline

Arco wins strategic tussle with BP over Prudhoe Bay shipments

The Associated Press

FAIRBANKS — The Alaska Oil and Gas Conservation Commission has granted Arco's request to raise the amount of natural gas liquids flowing through the trans-Alaska oil pipeline.

The decision is a defeat for BP Exploration (Alaska) Inc. BP's experts have argued that the gas should be reinjected to push more oil out of Prudhoe Bay and that it could reduce oil recovery for decades to come.

Arco Alaska Inc. says the shipments leave enough gas for reinjection.

In announcing its decision Wednesday, the commission said the disagreement between Prudhoe Bay's operators was leading to a waste of resources.

The three-member panel directed oil field operators to blend as much of the gas liquids as possible for movement through the pipeline until August of next year, which may give the companies enough

time to resolve their differences.

The commission also scheduled another hearing for next month to consider restructuring Prudhoe's conflicting gas and oil ownership interests, which the commissioners said was a contributing factor in the dispute over uses of gas byproducts from the North Slope's largest field.

"Current property and contractual arrangements governing the operation and development of the Prudhoe Oil Pool

are inadequate to prevent, and may promote, physical waste," the commissioners found.

"This is a good decision for Arco, a good decision for the Prudhoe Bay unit and a good decision for the state of Alaska," said Arco Alaska spokesman Ronnie Chappell.

But Jim Palmer, BP's director of external affairs, said the commission may have sent a mixed message by ordering producers to pump the maxi-

Please see Page D-4, GAS



GAS: Arco wins fight to ship more rather than reinject it back into wells

Continued from Page D-1

mum allowable limit of natural gas liquids through the pipeline while also directing them to continue injecting gas into the field.

"We're studying it," Palmer said. "We'll comply with the legal order, but that doesn't mean we're not looking at other options."

Chuck Logsdon, the state's chief petroleum economist, figures Alaska could earn as much as \$14 million a year if Arco fol-

lows through with its request to mix an extra 20,000 barrels of gas liquids a day into the North Slope's pipeline stream.

But he noted that collecting the quick windfall could be costly if BP is proved correct and if Prudhoe Bay's lifetime production is substantially diminished.

"If you sell those gas liquids today, are you really just robbing Peter to pay Paul?" Logsdon asked. "In the long-term perspective, that argument is cen-

tral."

Last winter, Alaska's two biggest oil producers engaged in a four-day standoff as Arco sought to pump extra gas into the pipeline.

BP retaliated by adjusting valves at a North Slope mixing facility under their control to cut off Arco's extra shipments.

Both companies appealed to the state Oil and Gas Conservation Commission.

In a series of hearings that began in May, the

commission collected more than 7,000 pages of testimony from industry experts.

Wednesday's 25-page ruling made repeated references to the fundamental strategic disagreement among the field's joint operators.

"Arco and BP agree that current production practices are producing physical waste from the Prudhoe Oil Pool, but disagree why," the commission noted in its ruling.

John Shively, who heads

the state Department of Natural Resources, said the commission overstepped its authority by intervening in a dispute more properly handled by his department.

"We will probably continue to hold our own hearings," Shively said. "At best, there are two government agencies doing the same thing." DNR has a hearing scheduled for Aug. 22 on the natural gas issues, said Ken Boyd of the state Division of Oil and Gas.

In recent years, Alaska crude flowing through the trans-Alaska oil pipeline has been supplemented with about 74,000 barrels a day of natural liquids.

Arco and Exxon want to increase those shipments, reflecting the 42 percent share each holds in Prudhoe Bay's natural gas.

BP, which owns 50 percent of the field's oil but only 14 percent of the gas, sees more benefits in reinjecting extra gas to force more oil out of Alaska's aging field.

Anchorage Daily News
15 Aug 95

TO: LRFPF MEMBERS

FM: MHOUSE

State deficit won't die easily

Panel's findings might include unpopular ideas

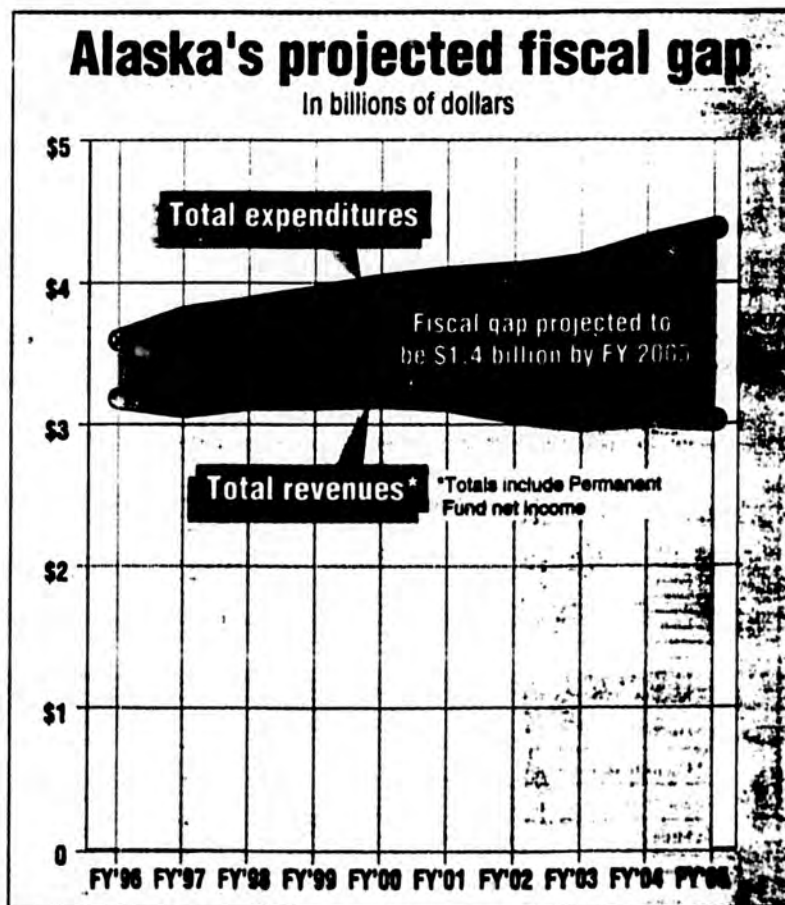
By RALPH THOMAS
Daily News reporter

JUNEAU — Pity the Long Range Fiscal Planning Commission.

The panel was appointed by Alaska's politicians and given less than six months to do something the politicians themselves haven't been able to do for years — solve the state's festering fiscal gap. Meeting in obscurity since June, members have spent many of their summer weekends studying spreadsheets that show the state's annual budget deficit ballooning from \$500 million this year to nearly \$1 billion in five years.

Now it appears the commission is headed toward some conclusions that nobody — especially the politicians — will like. At a meeting Saturday in Anchorage, the group finished a preliminary report outlining some of the grim options for fixing the fiscal gap.

For starters, the report says, more cuts in government services are a must.



Source: Office of Management and Budget

RON ENGSTROM / Anchorage Daily News

But the report also suggests Alaskans should brace for something new — state taxes. The commission is looking at all sorts of possibilities, from imposing a new statewide sales tax and reviving an

individual income tax to increasing taxes on alcohol, cigarettes and fuel.

Additional oil taxes, however, don't appear to have much favor. Taxes

Please see Back Page, GAB

GAP: Medicine likely to be bitter

Continued from Page A-1

and royalties on oil production currently provide about 75 percent of the state's operating budget, and the commission says that's probably as hard as the industry can be hit, given declining production.

But even the Permanent Fund is losing some of its sacred-cow status. The report suggests the state may need to spend earnings from the \$13 billion fund, or perhaps reduce or eliminate the cherished dividends Alaskans receive each year.

Next month, the panel will hold a series of statewide hearings to find out if the public has a preference.

"It's like asking a condemned prisoner waiting on death row, 'Would you rather be hung, shot or poisoned?'" said commission chairman Brian Rogers, a Fairbanks management consultant.

By Oct. 1 the group is supposed to issue a final report with its recommendations. After that, the problem is back in the politicians' hands and wide open for criticism or support from the public.

The 15-member budget commission was appointed last spring by Democratic Gov. Tony Knowles and leaders of the Republican-controlled Legislature. The bipartisan group includes four legislators and two top Knowles advisers as well as representatives from industry and labor groups.

Several commission members have said their first mission is to convince Alaskans the fiscal gap is real. The problem is basic: state government is spending more than it takes in.

But Rogers said events such as the 1991 Persian Gulf War, which sent oil prices and state revenue soaring, and the recent surge in back-tax payments from oil companies have postponed any real crisis.

"People have been saying for 10 years that the sky is falling ... and it hasn't," Rogers said.

In its preliminary report, the commission tries to illustrate the severity of the situation. According to the report:

- North Slope oil production — the state's main source of revenue — is in steady decline. Meanwhile, statewide population continues to climb, increasing the demand for government services.

- For the past five years, state government has been

spending more than it takes in. At \$500 million, the budget deficit already equals Alaska's entire payroll for state employees. It's also nearly as much as the state hands out each year in Permanent Fund dividends. If nothing is done to increase state revenue or decrease spending, the deficit will grow to \$1.4 billion within 10 years.

- Alaska has more than \$3 billion in cash reserves. But, if reserves are the only thing used to offset the budget deficit, the entire \$3 billion will be spent in six years.

- Lawmakers have tried to solve the problem by chipping away at the state bureaucracy. But while the number of state employees per capita is lower than it was in 1979, state spending per capita is still more than twice the national average.

Though the commission has not made any firm recommendations, members agree on at least one key point: the fiscal gap can't be closed through budget cuts alone. In other words, state government has to find more money somewhere.

Where to find that money will be the group's toughest task, said Judy Brady, a commission member and director of the Alaska Oil and Gas Association. "When you're talking about taking money away (from people), there are no easy choices," she said.

Sen. Steve Rieger, an Anchorage Republican who serves on the commission, said his hunch is that the panel will favor spending Permanent Fund earnings before bringing back the state's income tax, which was abolished in 1979.

Before anything gets changed, however, the panel's recommendations will still have to face Juneau's political maze. And, heading into an election year, lawmakers might be reluctant to embrace the commission's ideas, especially if it means dipping into voters' wallets.

But Rogers said he believes the commission will give elected officials "political cover" that will make it easier for them to cast some difficult votes.

And Brady said if the commission, with its diverse group of individuals, can agree to a long-term plan for closing the fiscal gap, then the Legislature should be able to as well.

Bob Walsh - 258.9869
BRIEN ROGERS - 465.2531



THE ALLIANCE

4220 'B' Street, Suite 200 / Anchorage, Alaska 99503-5911

ALERT TO ALL MEMBERS!

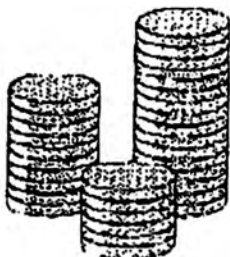
It is absolutely essential that Alliance Members participate at the 7:00 am Friday Morning Breakfast Meeting on August 11, 1995 at the Petroleum Club!

- ✓ This will be the first public viewing of the Long Range Planning Committees interim report. Judy Brady and Brian Rogers will be speaking on the process that is critical to closing the fiscal gap that exists in our state government budget!

If Alaska is ever truly going to be open for business, we must balance the budget! This has been the issue that has kept investors away!

Members, let the committee know how important their task is to our future!

Please RSVP by Thursday August 10, 1995:



Name _____

State of Alaska L.R.F.P.C.
Commission Members c/o
#716 West 4th Avenue
Anchorage, Alaska 99501
(907) 258-8165



rec. 7/20/95



Dear Commission Member; *Melissa Tower; Bob Walsh*, July 17th, 1995

Greetings from the far-north! I felt it was important to officially correspond with you and the Long Range Financial Planning Commission that will help identify sources and options to the revenue and budget needs of our State. Your long range financial plan of 5-10 years is important especially with the dipping into the Constitutional Budget Reserve and the inevitable compromise which will lead to the demise of the Alaska Permanent Fund Dividend Program.

It's my hope you will not dismiss me or the echo I send you from here... Is my hope in vain that you might realize a different or accompanying approach to our revenue problems which were actually addressed between 11/8/55 and 2/6/56 at the University of Alaska Fairbanks? Your duty to Alaskans and the Governor are important indeed as recapitulation has been supplanting the leadership resolve our State began at birth with and you find yourself in the cross roads of. New-born leadership appearing as a "curse" was actually a "blessing".

With the intent of objectivity I've enclosed a few articles I will refer to within this correspondence as I attempt to impart reasonings, "distinct" from that of a "lobbyist". Perhaps it will be conveyed by your issued commission recommendations this October (?). I'll look for unilateral confirmation therein.

Will you be sure to consider me, and all Alaskans when you deliberate on the weighty matters before you? (Cui-bono?) There's been much talk about the revenue & budget needs of the State of my birth, Alaska yet, there seems to be an absence of rudimentary understandings which have been permitted to cloud our resolve and enable not only "exploitation", but the "theft" of our public incorporated State of Alaska's assets. As shameful as it is may I offer some clarification? Without focusing on me I want you to know that I was born in Fairbanks on 4-7-62 where near the banks of the Chena River in July of 1923 prior to my arrival, 29th U.S. President Warren G. Harding spoke. In referring to Alaska and talking to it's Territorial residents within comments he publicly declared was that "Alaska's resources should go to Alaskans". This was after his election in 1921 and after the open renunciation & repudiation of the League of Nations which is and was the for-runner of today's United Nations.

After aboriginal born native Alaskans began to command seats within their Territorial Legislature in 1924 a year after Harding's first historical presidential visit to Alaska since Cession 57 years earlier, over the next 31 years "mandated" by constituents throughout rural Alaska aboriginal born native Alaskans began to have an increasing impact upon Alaska's destiny. By 1955 when a Constitutional Convention was called for at the UAF, several lawfully selected aboriginal born native Alaskans were sent by election to Fairbanks to protect and defend their rural constituent's interests as they crafted the Alaska State Constitution being amongst the 55 delegates in attendance. The record shows that there was an acute understanding of the basis for which Alaska was "rejected" for Statehood "14-times" since 1916 being that of economic cost and affordability of Statehood. In-addition, these delegates understood exactly "where" the revenue base was to come to meet the future incorporated State of Alaska's economic needs..... "Off their lands", the traditional lands of their fathers, before the 1867 Treaty of Cession, before 1721 back to ancient days of old. This was before the idea of "ANCSA" took-off. If there was to be any public incorporated State of Alaska at-all deriving it's economic base off these federal lands in "ALASKA" the maximum derived from thereupon would have to remain under the control of the new perceived State for it's residents.

Yes, that's right, the people of this newly perceived State was to maintain the largest control as "beneficiaries" of the public incorporated State of Alaska to meet the needs of operation and to provide the desperately needed rural public services "citizens" of this new State were and "ARE" entitled to as beneficiaries from the common assets owned by this public incorporated State of Alaska! The understanding and evidence of this intention is found in the very work they authored from 11/8/55 to 2/6/56 at the UAF..... It's found as Section. 28. (a) (1) within the Alaska Statehood Act which ratified their work which was "tried-by-fire"! The 85th U.S. Congress recognized and ratified this work setting in law (Lex-Rex) this economic provision in P.L. 85-508, (72 Stat. 339) 7/7/58 H.R. #7999. This was just over 2 years later, after they met in Fairbanks on 11/8/55 with the 14 prior rejections preceding since 1916.

As you know, this led to the 34th U.S. President, Dwight D. Eisenhower proclaiming Alaska as the 49th State to the Union on 1/3/59 after Alaskans passed the referendum of 8/26/58 establishing among other things the State's borders.

The protracted but chronological progression of developments hereafter should not be over-looked as they relate to the very questions before you today. I'd like you to examine the fact that after 1/3/59 when the new-born State did begin to make land selections a "departure" of good intentions arose as the State began to make land selections upon traditional aboriginal lands within Alaska without sensitivity or deliberations with indigenous groups, Alaska's first residents in continual occupation since ancient days of old! It was here the idea of ANCSA was given birth in "action", the "dispute" arose. Unlike any other indigenous group in America, past or since, the aboriginal born native Alaskans "claimed" their aboriginal ancestor's birthright occupation claims to these disputed lands. ANCSA was signed in 12/22/71 as law (Lex-Rex) which did recognize these claims extending back before 1867 to ancient days of old. "ANCSA" was aboriginal born native Alaskan's "1st-portion" birthright claim to pre-1867 existence and occupation of Alaska as it's first residents, Alaskans.

For the sake of definition and clarity comments to reflect subsistence or ANILCA will be limited as they may tend to distract off the issues before you and what the intent of my conveyance is. ("Unlike any other group in Amer.")

The precept and principal behind ANCSA and it's contention now found in law (Lex Rex), was validated with it's 12/22/71 signing as the October 18th, 1867 Treaty of Cession by it's "specific-terminology" acknowledged Alaska's first residents which pre-ceded Territorial status in 1912 and the Alaska Statehood Act of 7/7/58. According to "Lex Rex" (Law is King) the Treaty of Cession gave the very basis as a legal instrument affirming in law (1867) the aboriginal born native Alaskan's contention, which led to the landmark ANCSA of 12/22/71 and which "pre-empted" the new-born state's land selections.

If one strips away all of the propaganda and rhetoric encompassing our State and focuses upon the rudimentary foundation confirmed in (ANCSA-1971) Lex Rex, the October 18th, 1867 Treaty of Cession, one may clearly see aboriginal born native Alaskan's 1st-portion birthright inheritance claim based upon their ancestors, which is not only perfectly legitimate but one such as I may contend Providential! However "unpopular", this IS a "historically" legitimate viewpoint.

As a native born Alaskan like Bill Egan (1914 Valdez, Ak) I'm very thankful for ANCSA and the 13 regional corporations, private for profit it set up across our State. Is'nt this apart of our State's combined heritage? As the State of Alaska's "L.R.F.P.C." will you discuss officially amongst the other commission members on what basis is the aboriginal born native Alaskan's "2nd-portion birthright inheritance claim" negated, suspended or disqualified?

As you "explore" ways to get our State back on a sound fiscal track please do not discount the reality of the past 128-years which contains this 2nd-portion birthright inheritance claim that "jointly" belongs to every member of "all" of the 13 ANCSA regional corporations and their members whom were born or living in Alaska from 1867 thru 1995 (128-years). ANCSA, for pre-1867 birthright claims does NOT disqualify "POST-1867" birthright claims to lawfully receive as beneficiaries the benefits grounded in law (Lex-Rex) for them and all other Alaskans with this "birthright-claim" to section 28.(a)(1).

Please note that the Alaska Statehood Act is a Compact or "COVENANT". Section 28. (a)(1) provides the needs which you discuss, it states: " 90 per centum thereof shall be paid by the Secretary of the Treasury to the State of Alaska for the disposition by the legislature thereof;"

Since ratification of the Alaska Statehood Act on 7/7/58 and Statehood officially on 1/3/59, we've all been complimented in Alaska by this wonderful facet of ANCSA on 12/22/71! The social and economic infrastructure developed in Alaska's rural regions is unprecedented because of this recognized 1st-portion birthright claim (ANCSA). For this, did the aboriginal born native Alaskans retrace their steps. This matter can be presented as such as the ANCSA corporations, their subsidiary corporations and the slew of "post" 1/3/59 public municipal incorporated cities throughout rural Alaska has created a network that "now" could and would accommodate the "channeling" of these 2nd-portion birthright inheritance claim funds through our State Legislature for the very purposes that they were placed there and intended for. ANCSA adds to the chain in the sense that small cities and municipalities can benefit much as was envisioned originally back in 1955-56 with the construction of public projects each community decides upon for itself with what is now known as Municipal Assistance and Revenue Sharing Program Funds that are apart of the "disposition" or "distribution" of these funds. With the local private for profit ANCSA or subsidiary corporations available to bid, this enhances the rural employment, training and development scope in-mind as was intended for a healthy economic profile of Alaska's rural communities. Those shareholders in the various local private-for-profit corporations would benefit as well from such projects by these resource dollars staying in Alaska, to be spent by Alaskans, for Alaskans, and in return benefit "all" Alaskans as the beneficiaries they ARE "owning" the "90%" revenue base within their public incorporated State of Alaska.

I must submit and "adjure" you to recognize the developed economic rural infrastructure now in place to achieve the intended goals for this 90% revenue base "WE-OWN", which was in addition to just paying for the cost of State Government. Section 28,(a)(1) belongs to us, it's our birthright claim for all those born in Alaska and to those people and families which have moved here and have gained citizenship by domicile.

How can there be any dissention or disagreement about this provision of our Alaska State Constitution grounded in law (Lex Rex) to benefit all of us? "For the good of mankind"..... "... admission of the State of Alaska into the Union on an equal footing with the other States of the Union..." (1/3/59).

I want to assert this "birthright-claim" before you and the L.R.F.P.C. for the State of Alaska and it's people "Cui-Bono". For those people born after 1867, throughout Territorial days, through Statehood in 1959 and those like myself born between 1959 and 1995 between 1 and 36 years of age who are'nt even being heard from or offered a voice for this "claim" with a 128 yr foundational basis in-law. Let-not political expediency eclipse my being & voice.

I rebuke the fore-gone conclusion which is a "misapplication" of any common sense, jurisprudence, or even the above mentioned 12/22/71 ANCSA-(Act) That, "ANCSA" somehow negated or disqualified our post-128 year birthright claim is more than just "hogwash", it's "theft"! "Theft" of this public incorporated State of Alaska's public assets held in-common to benefit "all" Alaskans without regard to race, religion, ethnic or cultural background. Let's claim it now!

What is behind the scrapping or "severing" of our birthright-claim based on the last 128 years without any due-process? The cultural development, history, heritage, advancement and growth is all apart of the uniqueness of our State and it's people, from the first residents to those born this morning.

After being in the State of my birth, Alaska for 33 years and 15 in Barrow I've seen terrible compromises and recapitulations when encroachments are made post-facto by dogmatic actions and edicts south of Alaska's 8/26/58 49th established borders, and east of the Mississippi by those who are using our national government to violate the United States Constitution and the Alaska State Constitution while they seize "OUR" public incorporated State's public assets from it's people without consent, compensation or comparison to any other State in the Union. These are acts of violent aggression perpetrated against a sovereign people's body politic. It is not rational thinking to believe that pre-1867 birthright claims can be acknowledged without also having-

-faith enough to believe that our 128 year post-1867 birthright claim will be recognized and acknowledged as well. Has'nt ANCSA taught anyone anything? I do declare before you that it does not matter what our congressional delegation thinks about this issue, although their refusal to uphold the Alaska State Constitutional section 28.(a)(1) is more revealing than one might care to see at first-blush, they are superceeded by historical precedent over the last 128 years, Lex-Rex (Law is King), the October 18th, 1867 Treaty of Cession, the Alaska Statehood Act P.L. 58-508, (72 Stat. 339) 7/7/58 - 85th U.S. Congress H.R. #7999, which contains "OUR" 90% economic revenue base share of all resource developement off all federal lands in Alaska to go to the Alaska State Legislature for the disposition thereof. These things are a matter of "LAW" not feelings, attitudes, propaganda or notions! Please do not forsake Alaska's "birthright-claim" to it's own resource base but "ADJUDICATE", "LITIGATE", "CONTEND" as did the first Alaskans who set this example based upon LEX REX validated through and by the 1867 Treaty of Cession. It's clear you must av 'd "all" gain-sayers like Noe, and press on according to "law"..... Above-which is the aforementioned, AND THAT: Statehood Acts may not be alt unilaterally has been "CONSISTENTLY" upheld by the U.S. Supreme Court in C vs. Roberts, 59 U.S. (18 How.) 173 (1855); Beecher vs. Wetherby, 95 U.S. (5 Otto.) 517 (1877); and Sterns vs. Minnesota ex.rel. Marr, 179 U.S. 223 (1900).

Will you not see the reason? Based upon the above laws is it not yet clear to you "why" State of Alaska vs. Babbitt (9th Cir.) #A94-35480 was abruptly "dropped" just after our State's 36th birthday at it's only point of vulnerability..... after filing and before a ruling? It could not have stood in the face of the above cited case-law concerning "STATEHOOD-ACTS"! The State of my birth, "ALASKA" would've re-gained control-management on all federal lands in Alaska if a ruling were to have been allowed. This lawsuit (birthright-case) did not challenge the "post-facto" existence of (ANILCA) rural priority or the federal court oversight provisions therein (ANILCA).

A brief pre-ponderance of the evidence more than suggests but "shows" who and how the augmentation of the "DISMANTLING" of the Alaska State Constitution is taking place. Not only from without the 8/26/58 established State boarders but now from within at the only window of vulnerability from within the Governor's office! This was done with no regard for OUR State's birthright claim whatsoever, to include no solicited telephonic hearings or orderly testimony gathering from within any of our State's election districts. This very action undermines our State and cultivates it for what I identify as "theft" of it's publicly owned assets transferring them under the control of other entities outside of our boarders. The forces at work are very real indeed but often not identified for what they are. Take for instance the judicial-activism of Alaska's Judge Holland which decided that while Congress did not expressly grant the Secretary of the Interior management authority, Congress must have intended to, but "inadvertently and unitentionally" did not. So, of course, by "proxy" Holland affectively "sequestered" this State's collective right to manage, set seasons and bag limits on Alaska's federally owned lands which was predictable under the very instrument of this corporate "take-over", ANILCA-laws. This "activism" of Holland's just as that of Governor Knowels' affectively has sequestered or "taken property or a right away, into custody (arrested) until a controversy, claim, ect., is settled or satisfied". In the case of State vs. Babbitt #A94-35480 it's to keep status-quo or the door open for further federal controls at the demise of State Sovereignty by judicial activism as demonstrated by Holland aforementioned.

Amongst Governor Knowels first official acts he dropped this case "after" consulting the Chief Cecil Rhoads Scholar representing all the defendants named in the State vs. Babbitt case in November of 94 prior to election as he visited Washington D.C. for nothing more than a "political-briefing" on Alaska by those exploiting and manipulating the created circumstances here to seize Alaska's public incorporated assets in the manner inwhich it has before you this day.

It is not my intention to be lengthy just informative as I do owe you and the State of my birth, Alaska this as a civic-minded citizen that cares about his State and all it's citizens ("Cui-bono").

Now then, just a few months later after dropping State vs. Babbitt in January of 1995 ANWR became headlines did it not? "IF ANWR OPENS, CONGRESS WANTS HALF" (Anchorage Daily News 6/1/95) "Half" of what do you suppose? Could it be "half" of section 28. (a)(1)'s "90%" revenue base belonging to you, your families, your State and rural municipalities by "post-facto-edict" as was ANILCA, also designed and engineered from outside? Here again, without any regard for those who "OWN" this economic base provision established between 1955 & 56 at UAF in law, "Lex Rex" after 7/7/58 ratification. I declare unto this Commission that the dropping of State vs. Babbitt without due-process was a "green-light" for the on-going "attack" upon the sovereign assets of this State for an out-right contest over it's seizure by nothing more than "UNCONTESTED", "UNLITIGATED", "UNJUDICATED", edicts emanating from east of the Mississippi by those who have infiltrated our national government.

State of Alaska Long Range Financial Planning Commission, whyfore art thou? Is it truly "cui bono"? Are you there for the people of this State north to south and east to west? Or, for political expediency and social promotion, along with perhaps a little party fanaticism to blind you to it's dangers ready to recapitulate and help augment the "theft" and take-over" of "OUR" State's assets? I charge you! I adjure you, to come out in defense of our State of Alaska's birthright claim to section 28.(a)(1) no-matter how unpopular your ethical, moral and lawful ("Lex Rex") position is presented "or" mis-presented before us (Cui-bono, Alaska), in the statewide controlled media! The people of this State will rally and the force of LEX REX is real, aside from the "hogwash" and "poppycock" rhetoric that this is somehow going to balance the national budget. Mounting evidence is confirming that it will be going elsewhere.

In the Arctic Sounder of 3/2/95 Governor, Knowels conveys a wantonness to discuss the matter (State vs. Babbitt) "after the fact" of dropping this case without any discussion! "Or" due-process! And if words do speak to you louder than these actions please take a few minutes to digest the following: "I'm going to be asking them to step up to the plate". "All Alaskans have to step up to the plate". "And certainly one of those ways might be an income tax". (Gov. Knowels) Without the acknowledgement of the birthright claim this State of my birth, Alaska has according to the Alaska State Constitution it is easy to be deceived by these words "over-looking" the last 128 years as Gov. Knowels has deliberately chosen to do to the compromise and loss of this State's assets (corporate) and sovereignty. Certainly one of these ways might be an income-tax as you will deliberate upon but, isn't this income tax going to "first" be in exchange for our State's 128 year based birthright claim and the aboriginal born native Alaskan's 2nd-portion birthright inheritance claim being distinct from pre-1867 ancestral claims which was at the heart of the 12/22/71 ANCSA Act?

Howmuch more should the current 128 year based post-1867 birthright claim of this State of Alaska be recognized through jurisprudence if we as a nation recognize pre-1867 birthright claims I ask you? All that is lacking is leadership and determination. Have I not come publicly before each of you before? I've enclosed the affidavit signed in Barrow 2/27/95 and published in the Anchorage Daily News on 3/13/95, page F-4. This was "before" we were ambushed from within by articles and statements by Alaska's Congressional Delegation asking that we lay-down and recapitulate any assertion or claim that belongs to the people of this State being voiced by it's leaders. The fact is, even in July of 1923 President Harding acknowledged that there was at that time a \$14.00 to \$1.00 return to the federal government to all dollars expended upon Alaska to include it's 1867 purchase through the Treaty of Cession \$7,200,000.00. The federal government is in "arrears" to all of the people of Alaska through the withdrawal of millions of acres, the ANILCA LAWS, restricting development and now they brazenly want to destroy "OUR" Section 28.(a)(1) 90% revenue-base entitlement because lack of leadership and will to resist the seizure of "OUR" public incorporated State of Alaska's assets and secured provisional economic blessings grounded in-law, "Lex Rex" (Alaska Statehood Act P.L. 58-508, 72 Stat. 339 7/7/58.

5) In ending this rather long but justified communication on behalf of those with this birthright claim afforded through Statehood to all Alaskans in residence at the time and those since 1959, I would request that there be some-

- "reflection" of this common understanding in the form of a "primary" resolution to be presented within your commission's recommendations to be released this October. This may-be to some an unusual perspective but none-the-less an accurate one based on the birthright-claim we have as Americans and "Alaskans", "citizenship" within the public incorporated State of Alaska. After-all, keeping your eyes upon your State's birthright claim to assets it owns with you jointly helps one to see from within and without the direction of a foe that wants to and is working hard to "sever" you from your ownership to such assets, your "citizenship-inheritance-birthright". These things are real indeed.

I want to submit two articles of unusual interest by Alaska State House Representative of district #37 residing in Barrow Rep. Eileen P. MacLean dated 4/6/95 & published in the Arctic Sounder. Also one by Barrow Mayor, Don Long who is purportedly representing Alaska's cities and boroughs as the President of the Alaska Municipal League published 4/14/95 in the North Slope Sentinel. "Both" of these local leaders hold offices within the public incorporated State of Alaska or within one of it's political sub-divisions and have taken an oath to protect and defend Alaska's State Constitution from enemies both foreign "and" domestic.

With relationship to the following I issue you a challenge to immediately access a public document that will be made accessible to you upon your request at the City Of Barrow P.O. Box 629 Point Barrow, Alaska 99723 (907) 852-5211, fax 852-5871. It's #Z-205-183-307. Your Commission's recommendations should'nt be made without the fullest amount of information possible from every quarter, to include the geographical-political "geopolitical" perspective I bring with regard to the birthright inheritance claims. There's certainly a foundation in-law concerning "minority" status of a group of people with this unusual birthright claim to Alaska's Constitution and it's provisions, 560,000 people out of 250 million! And then there's the international application of this principal in law isn't there?

The last point I wish to make is that in Point Barrow, Alaska the Utkeagvik Presbyterian Church was founded 21 years after the Treaty Of Cession in 1898 which was embraced and did embrace the descendants of Birnirk and Utkeagvik who were the northern Inupiat Eskimos and ancestors of today's native population in Barrow and also apart of the ASRC regional ANCSA corporation of which both Barrow Mayor, Don Long and Dist #37 Rep. Eileen P. MacLean are active shareholders. Eileen is in-fact a Arctic Slope Regional Corporation (ASRC) Boardmember. After the Territorial Constitutional Convention at the UAF 11/8/55 thru 2/6/56, after the ratification of the Alaska Statehood Act on 7/7/58 and just (2) two days after the 8/26/58 referendum passed which established our State's borders by the Alaskan electorate, on 8/28/58 an ORDER OF INCORPORATION was signed and recorded in the U.S. Commissioner's Court For The Noatak Kobuk Recording District Second Judicial Division, Territory Of Alaska incorporating the "Village Of Barrow" pursuant to the provisions of Territory Of Alaska Law CH 150 SLA 1957 making the public incorporated Village Of Barrow a body politic which encompassed the 1898 established Utkeagvik Presbyterian Church and all the residents of the the Village Of Barrow. Upon Statehood as proclaimed by public presidential proclamation on 1/3/59 the residents here in continual occupation became immediate citizens of the State of Alaska and birthright-claimants, "heirs" to section 28. (a)(1) of the Alaska State Constitution, the 90% economic revenue share provision of all resource development off all federal lands in Alaska.

I'd like you to know that both Eileen MacLean and Don Long were both contacted about this matter and were well aware in-advance of the writing and publication of their respective articles about the aforementioned yet, within their articles they make no mention of it! Even when Gov. Knowels in his 3/2/95 article is referencing a tax by his aforementioned statements... "ALL ALASKANS HAVE TO STEP UP TO THE PLATE". The deliberate distractive and protractive assaultive comments upon fellow legislators, corporate officers within the State of my birth, Alaska gives one reason to believe perhaps these articles were designed by the same person or ideological camp of thought trying to keep the ambers of "hate", "mistrust", "bitterness" and unforgiveness" alive over the earlier mentioned land selections taken out-of-order due to insensitivity, inexperience and the legal "standing" afforded the specific aboriginal born native Alaskans through the Oct. 18th, 1867 Treaty of Cession and it's "terminology". (6)

If these things be true, then it can be for only one reason that both Rep. Eileen P. MacLean and (AML) the Alaska Municipal League President, Barrow Mayor, Don Long, purporting to serve the cities and boroughs throughout Alaska would keep silent in the face of aforesent correspondence and subject the people and constituents to a "TAX" in "EXCHANGE" of the aboriginal born native Alaskan's legitimate 2nd-portion birthright inheritance claim to their Alaska Constitution's section 28. (a)(1) 90% economic revenue share provisions through their public incorporated State of Alaska.....

There is deliberate collusion to confound and weaken this State and challenge it's SOVEREIGN AUTHORITY within it's borders through the ANCSA CORPORATE BOARDS and elements within the FEDERAL GOVERNMENT to defraud the State of Alaska of it's assets and along with that "THEFT" the 128 year based birthright claim found in the Alaska Statehood Act, "OUR" Compact, "OUR" Covenant! With all fore knowledge as public officials acting in the capacity of their office they have deliberately and conveniently "omitted" this information from the public arena of shared understanding to help facilitate the corporate "take-over" of our State's assets in this fashion. And in this fashion would go so far as to subject the local people dotting the north and northwest arctic coastline to an "unwarranted" tax as this birthright is "thefted" presumably without notice!

I submit to you, that just after Gov. Knowels' comments were read by me in the Arctic Sounder on 3/2/95 I did go down and put an article on (ASRC's subsidiary) Barrow Cable T.V. notifying people of this birthright claim on the same day and before it ran it's full length it was altered twice! Furthermore, as people began to call me I explained and directed them to Rep. Eileen P. MacLean (State House Dist #37) wherein, shortly thereafter she co-sponsored H.B. #251 which would've suppressed not only local inquiring public constituents concerned about this 90% economic revenue provision but the very same people as they are also private for profit ASRC corporate shareholders, which with the passage of H.B. #251 would've not been able to call their ASRC boardmembers into account by calling for a shareholder's meeting. This H.B. #251 would've suppressed not only ASRC shareholders but "ALL" ANCSA corporate shareholders by requiring a 25% call of the shareholders to have a meeting instead of the current 10%. This bill is still pending by the way and was only "stopped" because of a concerned Spirit moving upon the Alaska Federation of Native's first President and leader of the (1st-portion birthright claim) ANCSA movement, Mr. Emil Notti as the enclosed 5/11/95 published Arctic Sounder article illustrates.

Please look at the big-picture, the legitimate birthright claim our State and it's people have, the chronological date pattern of the articles and information enclosed, please access the aforementioned public informational documents #Z-205-183-307 dispatched on 3/20/95 and recieved on 3/22/95 from the City of Barrow for which there has been no response to-date which preceeded the (AML) President's article of 4/14/95 (Barrow Mayor, Don L.)

My contention would be incomplete and your analysis less in depth to accurately reflect a balanced course of action with regard to your Commission's recommendations to be released if I were not to comment upon the enclosed 6/20/95 letter from the Toksook Bay Traditional Council.

The Alaska Statehood act, "OUR" Alaska Statehood Compact or "Covenant" is approximately 36 years old. General forgetfulness is identified as a reason it is being "THEFTED" from the greatest portion of our population in both rural and urban areas of our State, rather than a deliberate "foresaking". But, amongst the ANCSA Boards their's is a deliberate concealment of this legitimate 2nd-portion birthright inheritance claim that is "OWNED" in-part by everyone of their membership as the evidenced portrayal of some form of conflict of interest between rural vs. urban, State vs. ANCSA Corp., aboriginal born native Alaskan vs. native born Alaskan vs. domiciled Alaskan is used as a "front" to maintain the exploitation and looting of Alaska's commonly owned assets. The common people like me low on the power structure want Alaska's resources to go to benefit all Alaskans just as did Pres. Harding 39 yrs before my arrival. Please recommend we as a State and people "AJUDICATE" and "CONTEND" for those things "ours". Please dismiss "all" prejudices "PACS" and special interest groups & pray for guidance.

Mr. Mark A. Ames

rec. 7/20/95



J. R. F. P. C.

Dear Commission Members;

July 17th, 1995

Please consider the following terms in light of "OUR" present revenue and budget "crisis" which is intended to financially bind Alaska and it's people after the siezure of it's publicly owned assets is completed as "OUR" local, State and federal position's of leadership are continually "infiltrated" to augment the recapitulation and demise we are experiencing with no CONTENDING or ADJUDICATION by law lex rex (law si King).

The following terms are taken out of the American Dictionary Of The English Language, Noah Webster's first edition of 1828.

COMPACT/COVENANT - An agreement; a contract between parties; a word that may be applied, in a general sense, to any covenant or contract between individuals; but it is more generally applied to agreements between nations and states, as treaties and confederacies. So the constitution of the (Union) United States is a political contract between the States (49th); a national compact. = Alaska Statehood Act

Just as the October 18th, 1867 Treaty of Cession was based in Law and was used to lay-claim to pre-1867 ancestral birthright claims..... So, it is that the provisions of the Alaska Statehood Act (Section 28.(a)(1)) P.L. 58-508, (72 Stat. 339) 7/7/58, 85th Congress H.R. 7999 are also grounded in law, Lex Rex. why are you or others therefore so ashamed you will not defend and protect it?

If pre-1867 aboriginal born birthright claims can be made, why-fore cannot "POST-1867" birthright claims based on the last 128 years since purchase, which was not cession of the inhabitant's birthright claims, but just of the of Russian-America from Russia to America? ANCSA sets a wonderful example of LEX REX in action and is a precedent that can be followed today concerning those born prior to, thru and after the Alaska State Constitution. The people born between 1959 and 1995 between 1 and 36 years of age have no-one to speak for them or their intrests to protect them from "THEFT". Are "WE" without origin?

COVENOUS/COVINOUS - (WITHOUT DUE-PROCESS, BY DOGMATIC EDTIC) Collusive; fraudulent; deceitful; as a "COVENOUS" lease of lands.

COVIN -(INFILTRATED FORCES WORKING WITHIN THE FEDERAL GOVERNMENT) ... to defraud. "THEFT"; Signifying to conceal, or to agree; is a secret place or meeting. In law, a collusive or deceitful agreement between two or more to prejudice a third.

("3rd", Alaska, it's people and it's birthright-claim-90%!!)

AFFIDAVIT OF MARK A AMES

I, Mark A. Ames, after returning to Barrow on January 18th, 1995 from vacation did read an invitation on Barrow Cable TV. I am a native Alaskan having been born in Fairbanks, raised in North Pole and now have resided in Barrow for 15 years. The various issues that our state faces are also of political interest to me. NSB Mayor Ahmaogak issued everyone in our community an invitation to attend a public event which read:

(Pg. 1) NSB MAYOR GEORGE AHMAOGAK SR. INVITES COMMUNITY TO JOIN HIM, GOV. TONY KNOWLES & LT. GOV. FRAN ULMER AT A GALA CELEBRATION OF THEIR INAUGURATION ON FEB 24. RECEPTION AND ESKIMO DANCE START AT 7 PM-8:30 PM.

(Pg. 2) THAT WILL BE FOLLOWED BY A DANCE AT PIURAAGVIK STARTING AT 9:30 PM FEATURING THE MUSIC OF MICKEY & THE MUSTANGS. ADMISSION TO BOTH EVENTS ARE FREE! DONATIONS WILL BE ACCEPTED AT THE DOOR OF PIURAAGVIK FOR THE GOVERNOR'S FUND & CLOTHES FOR CHILDREN.

After reading this I and my friend decided to attend. On the 24th I took a cab and arrived about 8:00 PM. I entered Ipalook Elementary for the first time saying hello to several people, I shook hands with as I took a seat wherein no one sat behind or to either side of me. I presented as I was seated a small (2) two-sided sign elevated over my head at arms length which read:

(Side 1) "10th Amendment" "Stop" federal "theft" of Alaska's land, resources & revenue!

(Side 2) "Tony" don't be a "phony". Stop the feds from ripping Alaska OFF! Support 1959-Statehood Compact Keep litigation - "Full court press"

Approximately 8 minutes later local police officers were asking me to leave! My actions to come and peaceably assemble with the community I am part of was being infringed upon as repeatedly officers began to lay their hands upon my left shoulder and back of the neck! The sign was still extended to silently express my political views before our communities assembly within a public building. Officers then repeatedly asked that I leave? I asked why? Responses ranged. I told them that I wanted to stay and that I was here for the community event and was silently expressing my views on one of our statewide issues as I enjoy the activities. Then I had to request that the officers who were increasing in numbers and handling of me to "please keep your hands off me!" The officers began deliberately causing my reflexed response as they then asserted that I was causing a disturbance, and that if I didn't leave that I would be arrested. I asked why am I being asked to leave and who requested it? NSB Officer Bleth said school officials and the people putting on the activity...repeatedly I was intimidated as officers began to handle me all along obstructing my right to be there with the community and silently express my views, purporting that I was causing a disturbance when in fact they were under apparent instructions to do so, as they threatened me with arrest! Needless to say I was shocked that the socialist-oligarchy would violate a citizens rights in front of so many people. On the way inside I also said hello to Tony Kessler the NSB Mayor's assistant who got the ball rolling saying that I couldn't do that...He is not a native or native born and really doesn't understand the bigger issue. I have no malice against him even though he took it upon himself to decide what communications our native peoples will see or not see.

I am neither embarrassed or ashamed because I have a different point of view. In fact, many native friends called my home to find out what my small poster said? I thank them for their sharp perceptiveness and concern over witnessed violations against me and oppression obstructing this expression. Because this silent poster was so small 14x22 inches and I was rudely forced to leave a public gathering that I am apart of, I chose to dispatch this information so all throughout could understand and not depend upon foolish rumors as an account of what actually transpired.

The 1959 Statehood Compact concerns us all and if it is not obstructed by our Governor Knowles as I was by the socialist oligarchy at Ipalook Elementary on 2-24-95, It will net Alaska (Alaskans) 29 billion dollars and control over our state once again. It's been 35 years!

Governor Knowles' announced justification to drop these cases in the name of subsistence is a smoke screen to cover up the real reason behind it. The government (Federal) doesn't want any Alaskans to control our own resources, land development or revenues due us because it's already spoken for by the international banking cartel who would be stopped from their plans to exchange it for the great "LAND FOR DEBT SWAP" they've engineered.

Why should ANILCA and subsistence issues, which are very important to all of us be used to threaten Alaska's claim over the 90% Alaska 10% Federal share agreement that our 49th entrance into the Union guaranteed us? There is more to an issue than it's surface. I believed and still do, that the Eskimo mind can receive this. Apparently others felt differently.

The election spouted as justification for dropping these cases is not sensible at all! As elections on ANILCA and subsistence can take place whenever they are scheduled can they not? This is not a political party issue, it is an Alaskan issue and theft at it's heart.

Well, this is my different point of view much to the disliking of some but Alaskan, ever so much the same as those that brought us into the Union.

I invite everyone across the state to view the available tape at the local Legislative Affairs Office: "Broken Promises". Why should the 1959 Alaska Statehood compact be purposefully thwarted behind the cloak of subsistence or ANILCA when we can win on all fronts? Let's go to the polls and let's keep the full court press on the federal manipulators. Who will otherwise barter our land, rights, resources, development and revenues away as if it were their own. The Hickel administration filed suits will prevail if allowed. Please stand behind our State Legislature who will continue the challenge against federal usurpation over the people. From all quarters of the state compact your representatives or 29 billion and land rights will be forever lost to the cartel.

As a 32 year old Alaskan from this far quarter of our state I have been heard against the will of just a few political opportunists who wheel the armed police force up here. Will you do the same and be heard if you do decide, or date to hold another point of view? Go find out now. To the people of the North Slope and Alaska remember the Clinton-Knowles connection prior to his election as Governor, and that Alaska land/resource issues are really national issues which are manipulated so by the One World international banking cartel.

To Alaska's new Governor Tony Knowles, I say uphold our "original" 49th Statehood Compact, as it was drafted and as it was understood! The Tenth Amendment is important and here for a reason. So don't sell us out to the pressures you're faced with. I am not sorry for my point of view but that others prevented me from sharing mine with you and our community upon your visit here to Point Barrow, Alaska on February 24th. May God guide you. Further the affair sayeth naught.

/s/ Mark A Ames
P.O. Box 368
Point Barrow, Alaska 99723 (907) 852-5527
Paid for by the Alaska Freedom Council

/s/ Jeri Cleveland, signed before me this 27th day of Feb. 1995, Point Barrow, AK Notary Public in and for the State of AK My commission expires 9-9-97.
(Notary Seal)

Anchorage Daily News Monday March 13th 1995 Alaska Statehood 1959. "A birthright" - inheritance of the land. Amen

Page F-4 (2nd portion birthright claim loss) Inheritor born native Alaskan

Ball ...

From page 1

be resolved on two points — a consensus that subsistence is an economic and cultural imperative for rural Alaska, and that the state should maintain its management of fish and game.

"We should have a rural priority for subsistence, not because the feds tell us so, but because it's the right thing to do," said Knowles. "We need to have a resolution to do that."

Knowles said that in 1982 45 percent of Anchorage voters approved a rural subsistence preference, and that he felt they would do so again. He said that if state attitudes have changed since 1982, then it's due to lack of education on the matter.

"That's why we need the discussion," he said. "Take it out of the courts, start the discussion."

Ulmer, on her campaign visit to Barrow last year, said that she found working with Knowles to be a real 50-50 partnership.

"That's still true," Ulmer said. "He doesn't just listen. He brings in people's ideas and gets them headed in the direction of his goals. In the transition team process, it's one thing to get a few ideas, but it's another to put over 300 Alaskans to work for you for nothing. And then get them to give you ideas how to achieve those goals. I think that's very symbolic of the kind of governor that Tony Knowles is."

"It's a mutual admiration," said Knowles. "She headed up those teams. In the fisheries management

'We should have a rural priority for subsistence, not because the feds tell us so, but because it's the right thing to do.'

— Gov. Tony Knowles

team, which is the most contentious group you'll ever find, she got them — commercial, sports and subsistence fishers — in 30 minutes to agree that we needed a constitutional amendment on the ballot for rural preference. And that was on Kodiak, too."

"It was unanimous," said Ulmer. "That was the least controversial of the issues that the fisheries team discussed and they were from all over the state."

Both Ulmer and Knowles said they were at a loss as to why a positive report like that was not mentioned in news reports. They both felt that the media tended to dwell on the controversy and not the solution.

"That's why we need to keep talking about it," said Knowles.

Knowles also said he was in the process of negotiating whether state

workers should work a 40-hour week for 37.5-hours' pay and couldn't discuss all of the negotiations.

"But," he said, "I am going to look to a partnership with people involved in public service on how we can address the question of how we can live within our means — and that's the whole budget process. I will not tolerate within an administration the scapegoating of public employees. And I think I said at the beginning of our discussion what a pleasure it's been working with so many talented people in public service. And they're going to help solve a lot of problems we have in the state. I am going to ask them to look at ways to provide better service for less. Every organization does that."

"I'm going to be asking them to step up to the plate," Knowles said.

"All Alaskans have to step up to the plate."

"The thing we have to do first is get our house in order," he said. "People feel that government hasn't been living up to its share, its end of the bargain. So I'm going to propose a budget on Tuesday that is going to set some of the new directions that we need to have and consistent with the priorities that I think Alaskans want to have. We're going to set those directions and have budget discipline in that. When we get our house in order, and if at such a time in the future that we need to, with reduced oil revenues, look at ways to pay for essential services, I will look at the fairest way we can do that. And certainly one of those ways might be an income tax."

And jokingly, he choked on those words.

In Barrow 2/24/95

The Arctic Sounder newspaper Vol. 9, No. 9 3/2/95

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Republican legislators have little regard for rural Natives' welfare

It's a sad week in the legislature when Republicans are slashing rural programs and then joking about the high poverty rate among Alaska's Natives. Sad, but not surprising.

A representative from North

Pole's glib remark that indigenous (Native) people tend to be indigent (poor) made the House Judiciary Committee members laugh. It may have seemed harmless to urban Republican legislators who have good incomes financed by public dollars. But that laughter echoes beyond the walls of the Capitol. It haunts people who live in villages suffering from economic malnourishment, and it stands as a sorry testament to the lack of concern expressed in the budget recommendations emerging from the Republican leadership.

Let's face it. This is shaping up as a Legislature that is willing to hammer rural Alaska in the same casual manner as one member from the House Judiciary Committee's play on words. Whether it's the education foundation formula or social service programs or staffing of state offices, rural cuts are easy to justify. State programs in the Bush are necessarily more costly and they serve fewer

people. When the squeeze is on, programs that are expensive per capita seem like the logical ones to dump. Conveniently, the per capita approach works in favor of urban interests every time.

Never mind that those indigenous people out there "tend to be indigent," as a representative from North Pole said with a smile. When nearly 30 percent of the state's Native people live in poverty, there's a powerful reason to spend more or concentrate the state's resources on rural problems. It's called common decency.

That kind of decency seems to be in short supply here in the Capitol building. The Republican leadership may not applaud the notion that Natives are more than three times as likely to live in poverty as non-Natives. But by their words and their deeds, they're obviously a whole lot more likely to laugh it off than if it were their people suffering.

Rep. Eileen Panigeo MacLean



Why isn't Barrow Mayor Long

Letter to the Editor

"making" a "claim?" For the people of "Birniak" & "Utkeagvik?"

State implicated in local unrest over municipal tax hikes

Dear Editor

It is critical for communities to recognize the role that state government plays in increasing local taxes. It is likely that up to half of the property tax mill rate in many communities can be traced to state cuts to local government programs since 1986.

Since 1986, the state has cut the Municipal Assistance and Revenue Sharing Programs (the two main programs for sharing state oil revenues with municipalities) over 55% or about \$76 million. The negative impact of cuts to this program alone has been the equivalent of an increase of 2.0 to 6.0 mills of property tax in our communities.

Many businesses in Alaska are concerned over the steady rise in local taxes. Businesses are reluctant to locate or expand in a community with unstable taxes. More cuts to Municipal Assistance and Revenue Sharing and other traditional municipal aid programs, such as schools, are bad for business and bad for communities.

While cuts in Municipal Assistance and Revenue Sharing have had the effect of raising taxes in larger cities, the cuts have had a more devastating impact on smaller municipalities that lack a significant local tax base. This year five municipalities petitioned the legislature for the right to dissolve as cities. According to the state's Local Boundary Commission, many

more municipalities are in the process of considering dissolution. When a city dissolves, the state is obligated to step in and pay the cost of providing basic services to residents.

The state has also passed on significant new service costs to municipalities through budget pressure or administrative requirements to accept responsibility for state services and programs that were previously state responsibilities. Every state department has participated in this process to increase municipal responsibility for state road maintenance, environmental protection, prosecution of criminals, public health, inspections of food establishments, etc., without reimbursement. These new programs and services, in many cases

have significantly increased the number of municipal employees and increased upward pressure on municipal tax rates.

As President of the Alaska Municipal League, a statewide organization representing cities and boroughs, I feel that it is time for our communities to speak with one voice in opposing further cuts to municipal aid programs. While we all need to work on making state and local government more efficient, local communities can no longer stand by and let state government balance its budget on the backs of local taxpayers. In fact, cutting municipal aid programs is not cutting the state budget, it is raising your taxes.

Sincerely, Donald Long,

President, Alaska Municipal League

NORTH SLOPE SENTINEL, BARROW, AK
(Underlined: MP)
4/14/95

The Arctic Frontier 4/16/95 page 13
Since asked by me about submission activity as the "Arctic" but cannot find it from 1991

Notti: Proposed legislation concerning corporate recall likely to die in '95 session

By Jim Paulin

Arctic Sounder

KOTZEBUE — Proposed legislation aimed at making it more difficult for shareholders to recall Native corporation directors is stalled in the state Senate where it will probably die this year, said Emil Notti, who lobbied against the bill in Juneau, with expenses paid by Kotzebue's Native village corporation.

"I think it's too late in the year

for them to do anything in the Senate, so I suppose nothing will happen until next January," when the legislature reconvenes, Notti said.

Notti, 62, was the first president of the Alaska Federation of Natives, and worked for the passage of the 1971 Alaska Native Claims Settlement Act which established for-profit Native corporations in Alaska. He currently is the president of the Alaska Native

See Recall, page 2

Page 2

The Arctic Sounder

Thursday, May 11, 1995

Recall ...

From page 1

Foundation which provides technical assistance to village corporations. The Kikiktugruk Inupiat Corp. paid for Notti's Juneau expenses.

Said KIC President Bish Gallahorn, "Everybody at KIC feels pretty strongly against it." He added, "If we're not doing the job we're supposed to be doing, we would expect to be bombarded by shareholders."

Gallahorn said the possibility of a recall election is "a checks and balances thing. It's an encouragement and an incentive to do a good job for our shareholders."

Notti said the bill, approved last week by the House, would give Native corporation directors special

protection, more than other corporations in Alaska. ANSCA is a federal law but which delegates corporate regulation to state rules. "The state cannot discriminate based upon race. Only the federal government can," Notti said.

Notti criticized the bill's requirement for "judicial standards" for a recall election. "You've got to practically charge a member with something criminal and be able to prove it," he said.

The House bill was co-sponsored by Reps. Eileen MacLean, D-Barrow, and Carl Moses, D-Unalaska. It passed the house by a 26-14 vote with the support of Reps. Richard Foster, D-Nome, Irene Nicholia, D-Tanana and Ivan Ivan, D-Akiak. Moses aide Tim Benintendi said that while MacLean was very supportive of the bill, her

office was not involved in drafting the proposal.

MacLean complained that present law allows just 10 percent of shareholders to force a special election, and special elections cost corporations and shareholders money. Just 30 shareholders from a 300-member corporation can now call a special election, she said.

"Everytime it happens, it costs the corporation lots of money, thousands and thousands of dollars. In the end, who does it negatively impact? The shareholders. It impacts on their dividends," MacLean said.

The original bill increased the

percentage needed for a special shareholders meeting to 25 percent as required by federal law, but was later amended to 15 percent, MacLean said.

Benintendi said the bill's main regional corporation supporters were Sealaska and Cook Inlet Region Inc. Also endorsing it were the Arctic Slope Regional Corporation, Bristol Bay Native Corp., AHTNA, Aleut Corp. and UIC, the Barrow village corpora-

tion, Benintendi said.

An aide to State Sen. Al Adams, D-Kotzebue, said the bill was referred to two committees, community and regional affairs and also finance. It is currently in community and regional affairs.

When the Senate leadership wants to fast-track a bill, it refers it to just one committee. So a double referral is a likely indication of the bill's death in the current session, said aide Cheryl Davis.



Toksook Bay Traditional Council

June 20, 1995

The Alaska Freedom Council
Attn: Mr. Mark A. Ames
P.O. Box 368
Point Barrow, Ak. 99723

Subject: 2nd Portion Birthright Inheritance Claim

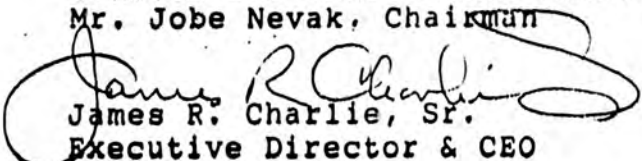
Dear Mr. Ames,

I read the statement you faxed with great interest to find that we do have inheritance of 90% of the revenue base share UNLESS this is something that splintered groups or sovereignty activist have surfaced. I don't know about this because its the first time that I hear about it. May I ask if you have ties with organizations like Kasigluk or Tununak Traditional Elders Council (KTEC or TTEC)?

I could barely read the one you have faxed, could you send me clear copy by mail or any other supporting documents because I want to present this to the Tribal Council for discussion before we call a joint session of this Council, City Council and village corporation Board. I need to make sure before I should present it.

Thank you for providing us the information and I will look forward to hear from you.

Quyana,
TOKSOOK BAY TRADITIONAL COUNCIL
Mr. Jobe Nevak, Chairman


James R. Charlie, Sr.
Executive Director & CEO

Voice of The Times

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.

Why not taxes?

AS THE LONG Range Financial Planning Commission this summer explores ways to get the state on a sound fiscal track, undoubtedly commission members will be tempted to look at new sources of state revenue — the dreaded "T" word.

If taxes end up being the commission's major recommendation, however, public reaction may be overwhelmingly negative — and the commission's work might go for naught. Let's face it, Alaskans enjoy the distinction of living in one of the least taxed states in the nation.

And even with the primary state revenue source — oil — on the decline, Alaskans are not likely to want to pay taxes as long as the rate of this state's government expenditures continue to far exceed those of other states.

State government first must pare employee pay and benefits, welfare and other public benefit rates and the long list of spending programs unique to Alaska. Only then, perhaps, will the public reluctantly agree to consider taxes to fund state government.

The most frequently mentioned options include a personal income tax, a statewide sales tax and an employment tax. The advantages and disadvantages of each is spelled out in the workbook being used as a guide by the commission.

Forty-three states now tax personal income at rates varying from 0.4 percent to 11 percent. Prior to 1980, Alaska had a state income tax that ranged between 3 percent and 14.5 percent of an individual's adjusted gross income.

If the state reinstituted the income tax, it could raise between \$250 million and \$400 million a year. An income tax is considered progressive, meaning that those who earn more pay more, but it also discourages savings. And it would require a whole new bureaucracy to manage collections and enforcement, and a cost that would be substantial.

A statewide sales tax could generate between \$50 million and \$200 million a year, depending on the rate. Forty-five states have sales taxes ranging from 3.5 percent to 8 percent. A sales tax is considered regressive because poor people would have to spend a larger share of their income to purchase goods. A sales tax, unlike a state income tax, is not deductible from federal income taxes.

An annual employment tax, say of \$100, would raise about \$50 million. Similar to the state's old school tax of \$10 a worker, an employment tax would be applied to all adults holding a job in Alaska — including temporary workers who live outside the state. It, too, though, is considered regressive.

Undoubtedly, there are other forms of taxation — such as a property tax — that the commission may consider.

We trust, though, that new taxes are not at the top of the commission's recommendations when it issues its report Oct. 1.

"why not?"

Because Sec 28.(A)(1)!



P.O. Box 800
Craig, AK 99921
Phone 826-3274
FAX 826-3322

CRAIG CITY SCHOOL DISTRICT

Dr. Martin Laster, Superintendent

Mr. Dan Blanton, Principal

June 26, 1995

Mr. Brian Rogers, Chair
Long Range Financial Planning Commission
716 W. Fourth Avenue
Anchorage, AK 99501

Dear Mr. Rogers,

As you work to complete your charge of aligning the state's revenue and expenditure projections, I would like to share a perspective for your consideration. I understand the incredible time frame you are working under but I believe that this essential responsibility must be addressed.

My name is Dr. Martin Laster and I am currently the Superintendent of the Craig Schools, formerly assistant superintendent of Mat-Su Schools. I have also worked for Anchorage and Northwest Arctic School Districts. I only share this background to provide a platform from which to speak.

Not only educational operational funding must be addressed but also capital construction. Within capital construction, both maintenance and unhoused students must be funded annually, in a stable, predictable and effective manner. Binge and bust funding will not work.

Three years ago, working with the legislature as a Mat-Su administrator, we were certainly the recipient of one of the best years of school construction I can remember. Craig was not a recipient in the same manner and Craig's needs have only accelerated. I have included an article detailing our 300% growth in the last decade from the Alaska Legislative Digest. While I am clearly an advocate for Craig, my point is not to just support our cause; it is to reinforce the need for an annual funding mechanism that addresses Alaska's educational facility needs.



I will be away from the office until mid-July taking two of the reason for Craig's facility needs to visit Grandma and Grandpa.

Please feel free to contact me after that, or you can reach me during that time on the Internet at the following address:

DR. L@eworld.com

Thank you for your consideration and my deepest respect and support for your efforts.

Sincerely,

Martin Laster

Martin Laster, Ph.D.

cc: Paul Thibodeau
Craig School Board President

Craig shows that small school districts experience near catastrophic growth too!

AK. Legislative
Digest
Jan. 20, 1995

What school district has grown fastest over the past decade? Possibly the Craig School District on Prince of Wales Island in Southeast Alaska can claim the title. Craig's growth has jumped from 527 in 1984 to a 1994 population of 1,700. Its schools in 1984 had an enrollment of 141. Today that enrollment is 394. School growth over the past decade is pushing 300%, and in some periods school growth was moving upward at a catastrophic 15% rate. Students are now housed in facilities estimated to be 200% over design capacity, and the community is waiting "impatiently" for its priority numbers to come up on the DOE funding list. On the DOE capital projects list since 1986, the Craig school projects have climbed slowly up the list to be ranked sixth and seventh for the coming year. But funding for the school projects is an "on again/off again" game in Juneau. There is no certainty that there will be much of a capital budget this year, and even if there is, uncertainty remains whether lawmakers will give priority to school appropriations.

It's easy to be blind to small community growth impact!

A point worth noting is that we tend to talk about the big railbelt school districts as "growth districts," and indeed they are! But we are not as impressed by numbers we see in association with smaller districts. We tend to miss the fact that these small numbers may reflect catastrophic growth too, and when they do the problems may be more complex than in our big districts. Larger and more urban districts can often buy time by juggling attendance boundaries, easily moving portable classrooms, and bussing students. For example, despite the fact that it has been counted as a separate attendance center, Anchorage buses secondary students from Girdwood into Anchorage.

The point is that despite its "separate" attendance designation, Girdwood is not so isolated that Anchorage could not mitigate the need in Girdwood by "transporting" students, buying time until efficiency or money availability underwrites a new Girdwood school. Rural and small city districts generally lack such flexible options to mitigate growth. They also either lack legal authority or sufficient fiscal ability to fund facilities on their own as Anchorage did a few years ago.

Option for small school growth is usually to wait and pray!

Smaller city districts and rural REAs generally must keep squeezing kids into existing facilities. Generally their only option is to pray and wait. Most REAs represent areas with no fiscal options of their own. Communities like Craig do have fiscal options and a growing tax base, but that tax base is still insufficient to finance such large projects as school construction. Alaska's coastal small cities must rely on state assistance for school projects.

This does not mean communities like Craig do not pay. Ironically, Craig and most of Alaska's coastal small cities show a willingness to pay taxes that far exceeds our more affluent boroughs. Many of these communities have property taxes, personal property taxes on such things as boats and gear, and also collect sales taxes. Perhaps these are the only folks left who remember the old Alaska, one where everyone was expected to do their part in paddling their own canoe.



FISCAL NOTES

A BUDGET UPDATE FROM THE ALASKA STATE CHAMBER • ISSUE #12 • JULY 20, 1995

Governor's Budget Vetoes "Save" \$3 million...but Widen the Fiscal Gap

In late June the Governor finalized his review of the operating and capital budgets. While the Legislature cut \$142.4 million from what the Governor proposed to spend, he still found room for a few vetoes. Other more significant actions include:

- Approval of depositing \$500 million in excess Permanent Fund earnings into the Permanent Fund (the Governor reduced the Legislature's deposit of over \$1 billion). (Proponents of the full deposit said it will take money off the

table that could be used to fill the state's fiscal Gap, thereby forcing budget cuts. Opponents said it limits the budget balancing tools available to the Long Range Financial Planning Commission. In political terms, it means the Legislature's Republican Majority still will have to negotiate with the Democratic Minority to get their votes as part of the required 3/4 vote to access the Constitutional Budget Reserve Fund (CBRF) to balance the budget.)

- Veto of \$17 million from the reserves of the Alaska Industrial Development and Export Authority (AIDEA) that would have gone to the general fund. To fill the Gap, the Legislature has looked to the state's two corporations to pay a "dividend" in return for the cash the state put into the corporations in its more "rich" days. The Governor let stand a \$70 million dividend payment from AHFC. The veto means \$17 million more has to come from the CBRF.

The Final Budget Numbers

	Leg Approved	After Governor's Vetoes	Difference
Operating Budget:			
Agency Operations/Programs	1,114.3	1,114.2	-0.1
Formula Driven Programs	1,077.3	1,077.3	0.0
FY 96 Operating Totals:	2,191.6	2,191.5	-0.1
Other Appropriations			
FY 95 Supplementals	45.6	45.6	0.0
Capital Budget	109.0	106.3	-2.7
Debt Service	109.4	109.4	0.0
Loans/Transfers/Other	20.2	20.0	-0.2
Other Appropriations Total:	284.2	281.3	-2.9
Total Spending:	2,475.8	2,472.8	-3.0

How The State is Paying for the Budget

Petroleum Revenues
Other Revenues
Non-Recurring Revenues

1,473.4
301.3
180.1
1,954.8

Includes \$91.0 in user fees collected by state agencies.

Includes \$70.0 from AHFC reserves. The Legislature also used \$17.0 from AIDEA reserves, but the Governor vetoed it. This meant \$17.0 more has to come from the CBRF.

This amount is coming from the Constitutional Budget Reserve Fund (CBRF).

The actual Gap between recurring revenues and expenditures would be \$698.1 million if it wasn't for the one-time funding sources (non-recurring revenues).

- \$18.0

Long Range Financial Planning Commission Continues Its Work

Interim Report to be Issued Early August

The Long Range Financial Planning Commission continues to work on its recommendations of how to bridge the ever growing fiscal Gap between state revenues and expenditures. Use of the state's Constitutional Budget Reserve Fund, consisting of one-time settlements from disputed oil and gas taxes, continues to fill the current Gap and is providing time to develop and implement a long-term plan. If state spending is restrained, the CBRF can be expected to cover the Gap for about three more years.

Interim Report

To date the commission's discussion has focused on defining the gap and the tools available to close it--all which is similar to the work and ideas from other "Close the Gap" efforts. A draft report is scheduled to be completed by August 5, with public hearings the week of September 11. The commission is also considering a questionnaire through which Alaskans will offer their direct input on options.

The draft interim report provides background information about the Gap and state spending. It discusses the fiscal tools available to close the gap including taxes, the role of the Permanent Fund and its earnings, use of reserve funds, budget cuts, and budget process improvements. It also includes identification of \$500 million in potential spending reductions, a task assigned to it by the Legislature when it

created the commission.

What's Missing

But what is not in the interim report is the most significant part of what the commission needs to do--its recommendations on how to close the Gap. Instead, it will develop these steps after it hears from Alaskans what they think should be done. The final report is due to the Legislature and Governor on October 1.

Commission's Meeting Schedule

Thursday, July 27 • 1:30 to 7:30 p.m.

Video Teleconference

UAA, UAF and UAS Sites

Friday, August 11 • 10 a.m. to 5 p.m.

Saturday, August 12 • 8:30 a.m. to 4:30 p.m.

Anchorage LIO

Call Commission's Anchorage Office for meeting location information, times for public comment, and copy of interim report:

258-8165

Why Every Alaskan Should Care About the Commission's Work

The Commission is developing a "base case" of future state spending and revenues to use as a tool in understanding the magnitude of the deepening fiscal Gap. The most recent version projects:

By Fiscal Year 2005:

- Alaska's oil revenues are projected to drop by 22%.
- State population is projected to increase 17%, from 606,278 to 711,900.
- Spending is projected to grow 14%. This would mean per person spending would go down from \$4,079.66 to \$3,954.07. If spending grew at the rate of 3% inflation per year, a 27% increase would mean \$5,179.90 per Alaskan would be spent.
- Permanent Fund Dividend pool is projected to grow 26%.

• This fiscal year we are spending **\$855.00 for every Alaskan** from the Constitutional Budget Reserve Fund just to cover the gap. BY FY 05, that number will increase 111%, to **\$1804.00.**

Commission discussion has included the benefits of starting to close the Fiscal Gap sooner instead of waiting until all reserve funds, such as the Constitutional Budget Reserve, are exhausted. The challenge is that in the absence of a "crisis," it is tough for elected officials to gather the political courage to make the kind of budget cuts or implement revenue-generating measures, such as taxes, that will be required to fill the Gap. The commission's work may provide "political permission" for difficult steps to be taken.

"Fiscal Notes" is a project of the Alaska State Chamber of Commerce. Information is compiled and written for the State Chamber by Cheryl Frasca. It is distributed to organizations, who fax it to their members. If you get more than one copy or no longer want to receive "Fiscal Notes", contact the organizations of which you are a member. For other comments, suggestions, contact the Chamber's Anchorage office at 278 2722; fax 278 6643. Please copy and distribute "Fiscal Notes" to others interested.

GREG ERICKSON
586. 1987

June 30th Meeting

- Brian Rogers, Chair
- Judy Brady, V-Chair
- Annaliese McConnell
- Hugh Motley
- Mike O'Connor
- Lee Goesuch
- Marie Westfall
- Mary Nordake
-

These people attended over the course of the day - not all at once. Hence, the quorum problem.

Letter follows, 2 pgs.

PLZ FEEL FREE TO CALL IF YOU NEED ANY MORE INFO.

E-Mail address: LEPPC%LEGISSTATE.AK.US

State of Alaska
Long Range Financial Planning Commission
716 W. 4th Ave., Anchorage, AK
(907) 258-8165

MEDIA ADVISORY:
COMMISSION TO RELEASE PRELIMINARY
FINANCIAL REPORT

For Immediate Release: July 12, 1995
Contact: LRFP Office 907/258-8165

ANCHORAGE -- The Long Range Financial Planning Commission will hold a public meeting on **Friday, July 14, 1995, and Saturday, July 15, 1995 in Room 220 of the Anchorage Legislative Information Office at 716 West 4th Avenue.**

The meeting agenda will include a discussion relating to the adoption of the preliminary report of the Commission to the Governor and the Legislature. The agenda also includes a review of base case assumptions, reports of the subcommittees and unfinished business.

Saturday's meeting will feature the adoption of the preliminary report and an opportunity for public testimony.

Members of the public are welcome and encouraged to attend both meetings.

Friday's meeting begins at 10:00 AM, and Saturday's meeting begins at 8:30 AM. The public is welcome and encouraged to attend.

MEDIA NOTE: For a copy of the complete agenda or for further information, please contact 907/258-8165.

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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.

Why not cuts?

THE 15 men and women serving on Alaska's Long Range Financial Planning Commission face an awesome task. They are to come up with a credible and politically palatable plan for state government to eliminate its annual half-billion-dollar fiscal gap.

They have the next three months to develop their recommendations. The apparent options are to reduce expenditures and/or raise revenues.

Ask 100 Alaskans at random about which option they prefer, and you'll probably get 100 agreeing to cut spending. However, you may get 100 different answers about where specific cuts should be made.

A logical first consideration should be among those programs that are unique to Alaska. Which would you eliminate or reduce?

Permanent Fund Dividends	\$585 million
School debt reimbursement	\$103 million
Longevity Bonus Program	\$73 million
Municipal Assistance	\$34 million
Pioneers' Homes	\$30 million
Permanent Fund Corp.	\$27 million
UA Outreach Colleges	\$18 million
PF Dividend Hold Harmless	\$22 million
Power Cost Equalization	\$19 million
Tourism Marketing Council	\$5 million
Contract Jails	\$4 million
Mount Edgecumbe School	\$2 million

These programs enjoy various degrees of popularity and will be tough to cut. Besides, unless you're willing to give up your Permanent Fund check, you can't get the necessary \$500 million to \$600 million annual savings from this group alone.

It's even more difficult to target the state's obligations to provide education and fund formula programs that grow each year with increases in population and inflation:

K-12 education	\$660 million
University of Alaska	\$167 million
Medicaid	\$143 million
Corrections	\$129 million
AFDC	\$59 million
Adult Public Assistance	\$39 million

How about state government's operations? State salaries require about \$530 million a year. Contracts total \$220 million; supplies and buildings, about \$50 million; and, travel another \$20 million.

We could eliminate operations of state government to make up the deficit, but our problems would become much worse because we wouldn't have any money coming in and no state services — just general chaos.

In short, the easy answer to solving the fiscal gap — cut spending — may be much harder than it looks.

July 9, 1995

Knowles' strategy is to put more liberal Democrats in Juneau

"I'm a man of principle," Illinois Sen. Everett Dirksen liked to say, "and I strongly believe in the principle of compromise."

In politics, Dirksen knew one can't be like Goldilocks and her porridge — "Oh, my, this bowl's too hot! Mercy be! This bowl is too cold!"

Gov. Tony Knowles would have us believe that he disagrees with the late Senate minority leader; that he's a Goldilocks kind of guy. He wants his porridge just right.

Hogwash.

All — repeat, all — serious politicians understand and practice the art of compromise.

Not all the time, on every issue. But as a rule, they do not allow the ideal to stand in the way of the achievable. What, then, to make of some recent Knowles vetoes?

Car theft by juveniles, especially in Anchorage, is epidemic. The offenders don't even get a slap on the wrist for their crimes. The legislature wanted these young thieves to be treated as adults, just as they are



**FRITZ
PETTYJOHN**

for traffic and fishing violations.

Veto! Didn't go far enough! We need to overhaul the entire juvenile justice system, said the governor. Can't do it piecemeal. Gotta do it all, all at once!

Welfare reform? Veto! Went too far!

Charitable gaming reform? Veto! Went too far. Also, didn't go far enough.

Teacher tenure reform? Too far!

Billion-dollar deposit into the permanent fund? Too far! (Need to "save"

half a billion for things like forward funding for education.) Not far enough! (Need complete solution to fiscal gap. Got a committee workin' on that!)

Finally, in Fairbanks, Knowles vetoed (or tried to) public busing for Monroe Catholic High and Immaculate Conception Grade School. This practice has been going on for 20 years. It is sanctioned in state statute and has been upheld by the courts. It is strongly supported by the people of Fairbanks and approved of, on a bipartisan basis, by the state legislature. By relieving the state of the expense of educating 550 students, these schools save the state of Alaska around \$3 million a year. Every year.

Went too far!, pro-nounces our toothy chief executive. Can't spend public funds for private schools.

Also, didn't go far enough! All private schools throughout the state must be given the same service, don't you see?

At least Goldilocks nev-

These vetoes may be part of a larger strategy. It's widely known that Knowles is deadly serious about putting his fellow Democrats into power.

er claimed her porridge was too hot and too cold at the same time.

In justifying these vetoes, our ceaselessly grinning governor is not being honest with the people of Alaska.

The teacher tenure veto? A bow to a core constituency, the National Education Association.

The charitable gaming reform veto? Money is the mother's milk of politics. Pull tabs and bingo are cash cows for Alaska Democrats. Such cows are to be milked, not gutted.

The juvenile joyriding, welfare reform and private school busing vetoes? Just doing what comes naturally to a liberal Democrat.

And vetoing \$500 million worth of a deposit into the permanent fund? Need to keep the Democratic minorities in the legislature

relevant. Keeping that \$500 million on the table, and available for appropriation, means Democratic votes will be needed to pass next year's budget. Which means substantial budget reductions won't take place. And if anything is clear about Knowles after eight months in office, it's that he does not want to reduce the size and scope of state government.

Taken as a whole, these vetoes may be part of a larger strategy. It's widely known that Knowles is deadly serious about putting his fellow Democrats into power in the legislature.

Out on the campaign trail a year from now, he may plan on saying, "As your governor, I've tried to work with these Republican majorities. But they refuse to work with me, so

I've been forced to use my veto pen. As a result, these Republicans have no record of legislative accomplishment. To implement my program for Alaska, I need Democratic majorities in the House and Senate."

The fact is, up to now, the Knowles administration has not had a legislative agenda, other than a bill allowing it to reduce the state's royalty share on what it determines are marginal oil fields. If Alaska's voters believe that electing more Democrats will allow Knowles to win more such legislation, Republican prospects in '96 look just fine.

□ Fritz Pettyjohn is an Anchorage lawyer, host of a local talk-radio show, and former state representative and state senator.

70: BEAN COASTS

ice of The Times

Deferred maintenance part of fiscal plan

By LEW WILLIAMS Jr.

KETCHIKAN — It's encouraging that the state's Long Range Fiscal Planning Commission, early in its life, is looking at deferred maintenance of state facilities. The goal is to find a way to catch up on deferred maintenance of state facilities and to finance annual maintenance so it isn't deferred in the future.

It's no surprise the commission is paying attention to maintenance. Chairman of the commission is Brian Rogers, who until January was vice president for finance for the University of Alaska. The university has lobbied heavily for years for funds to clean up \$156 million in deferred maintenance on its campuses.

When Gov. Knowles signs the new budget bills, enough deferred maintenance will be funded that the university's deferred maintenance bill will be reduced to \$120 million, still the biggest amount of deferred maintenance for the state.

University buildings aren't the only state facilities that have been neglected. The deferred maintenance for highways is about \$30 million, for airports \$12 million, for harbors \$30 million and for the ferry system \$8 million. Deferred maintenance for the university and all other state facilities totals \$331 million.

The Office of Management and Budget estimates that it will take \$51 million a year to properly maintain all facilities, plus another \$22 million a year for the next 10 years, at least, to catch up on the deferred work.

The problem with maintenance in the past is that lawmakers and governors have been more inclined to put money into new projects for which they can take credit. Just fixing up something isn't as noticeable at election time.

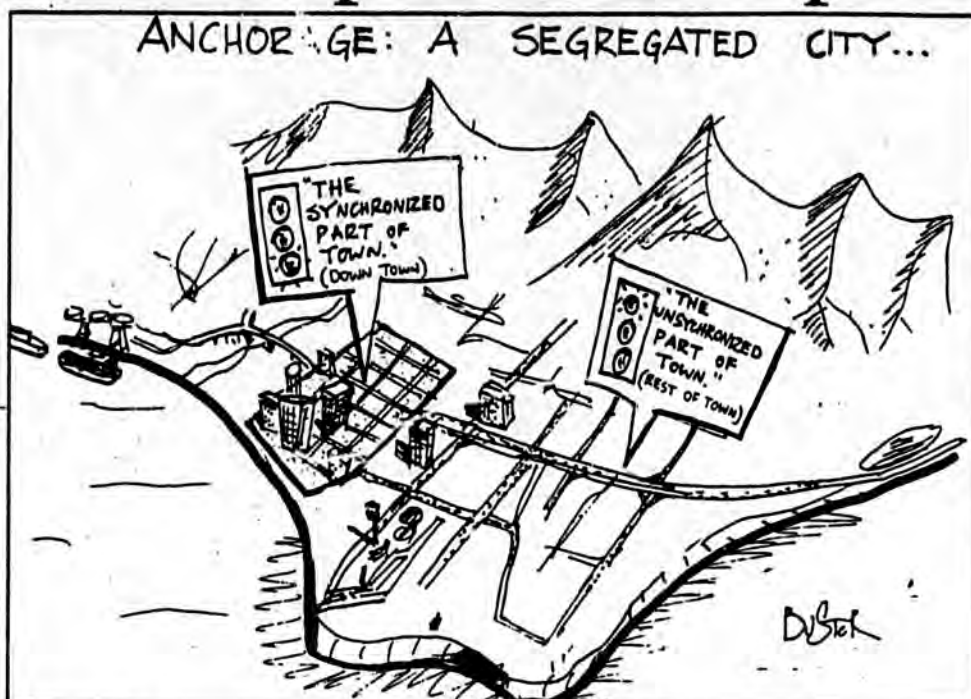
Thank goodness the new bipartisan fiscal commission is going to consider maintenance of facilities as it figures out a way to close the budget gap and put the state on a sound financial program.

The commission, appointed in March, has met three times and held at least one teleconference meeting. So far, it is outlining the issue areas, such as maintenance, and working in subcommittees. A progress report is due out July 15.

The Aug. 26 meeting, however, may get more attention than the progress re-



Williams



port. That is when commission members get into the issue of more revenue — taxes, if and when. The final report goes to the governor and Legislature Oct. 1.

What happens if the state does nothing? According to OMB, if the people of the state and their leaders do nothing, the Budget Reserve Fund will be used up between 1999 and 2003. The fund, near \$2 billion at the end of this fiscal year, is built from revenue the state receives from settling oil tax cases.

The Legislature had to dip into the Budget Reserve for \$498 million to finance the fiscal '96 budget that begins July 1. That is more than double the \$242 million appropriated from reserve last year for the current fiscal year.

OMB predicts that next year the Legislature will have to appropriate \$700 million from the reserve to finance state operations. At that rate, the Budget Reserve Fund goes dry within three to six years — even if the reserve picks up an expected \$1.1 billion in additional tax settlement over the next four years.

For those who say just cut government spending to close the gap, it should be noted that if every state employee was fired, only about \$550 million would be saved. That's \$150 million less than it will take to close the gap next year.

When it is noted that the most the Legislature could cut the budget for next year over this year was \$22 million (some say it wasn't even cut), the fiscal gap is serious. Legislatures have been trying to cut budgets for a half dozen years with

little success compared to the size of the problem.

The general fund budget for the past four years has been lingering in the \$2.3 billion area despite the best efforts to cut. Inflation, the population and entitlement programs keep growing.

The commission, of course, will have its eye on the Alaska Permanent Fund earnings reserve and on new taxes. We are assured that commission members are a long way from deciding whether to cap the dividend or tap the Permanent Fund earnings. They also are a long way from deciding on new taxes.

The Department of Revenue is doing a review of all taxes and possible tax sources which it is scheduled to give the commission by June 30. There will be public hearings as the commission proceeds with its work, especially after the August meeting to consider revenue sources, and before the final recommendations are made Oct. 1.

OMB has conducted financial reviews for past Govs. Steve Cowper and Walter Hickel, although not as extensive. But there appears to be no new ideas out there.

And the facts remain: The state is spending more than it takes in with no change in sight; the state is letting its facilities fall into disrepair while it hands out dividends to all Alaskans rather than collecting taxes from them. There isn't going to be a painless way to change the situation.

Lew Williams is former publisher of the Ketchikan Daily News.

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Why not jobs?

THE TWO options heard most often about how state government can balance its annual budget involve spending cuts and taxes. There is a third alternative that must be added to the mix.

Besides spending less money or increasing tax revenues, economic development is a key component of the solution for bridging the state's half-billion-dollar-a-year fiscal gap.

There may not be another Prudhoe Bay bonanza to fall into our lap, but as the owner of more than 100 million acres of undeveloped land with a broad range of resource development potential, Alaska always has that possibility. In addition to oil, we have a lot of natural gas and coal waiting to be developed.

And while none of Alaska's industries can compare to oil in the ability to generate revenues for the state treasury, Alaska must continue to broaden its economic base and stimulate growth in the mining, fisheries, tourism and timber industries.

First, though, we must make sure that Alaska remains competitive in the world arena as an area where companies want to invest.

The governor and the Legislature made a good start this year in telling private industry that Alaska is open for business. Positive steps included passage of the royalty adjustment bill for petroleum development, the mining exploration incentive bill, the timber salvage bill and approval of a measure authorizing the lease of state lands along the Dalton Highway.

But more must be done.

There is little advantage for Alaska and the state's ability to address budget woes if resource development goes to Outside businesses and Outside workers.

Alaskans must be the ones who benefit from the harvest and production of state resources. When newly created jobs and new business opportunities go to Alaskans, the state realizes the benefits of the unemployed going off welfare to instead collect pay checks.

Development of Alaska's resources should be tied to increased investment in Alaska's infrastructure — for maintenance and new construction of roads, ports, airports as well as for schools, parks, playgrounds and facilities that improve the quality of life.

And resource development must include value-added work in Alaska wherever possible — creating more jobs and making it possible for new generations to choose to live in Alaska and raise their families here.

The 15 men and women serving on Alaska's Long Range Financial Planning Commission, we are confident, will give close attention to the merits of the state's role in stimulating and guiding economic development.

For a majority of Alaskans, the creation of new jobs and new employment opportunities is the preferred option for our long range financial security.