

ALASKA LEGISLATURE COMMITTEE FILES 2007-2008 SSA 12712

- Effective date November 1, 2006

Rhode Island:

- No expiration dates.
- No monthly or annual service or maintenance fees.

South Carolina:

- No expiration within the first year.
- Fees permitted but must be disclosed on certificate, envelope, covering, or receipt.

Tennessee:

- Card issuer is exempt from turning unused funds over to the state if the card has no expiration date and no dormancy fees.

Vermont:

- No expiration within the first three years.
- No fees, except a licensed money transmitter, financial institution or credit union may charge a one time issuance fee the smaller of \$10 or 10%.

Washington:

- Prohibits expiration dates and all fees, with one exception.
- Permits a \$1 per month fee only when the card has a balance of \$5 or less, the card has been unused for 24 months, the card is reloadable, and the fee is disclosed on the card.
- Does not apply to gift cards issued by a financial institution or its operating

subsidiary if usable at multiple unaffiliated sellers of goods or services.

In addition to these state laws restricting expiration dates or fees, Arizona and Georgia have enacted gift card laws that address only disclosure.

**This is a summary of key features of many state gift card laws. Consumers Union does not give legal advice. Please consult the laws of your state for more information.*

Prepared by:
Consumers Union Financial Services Team
Consumers Union of U.S., Inc.
West Coast Office
1535 Mission St.
San Francisco CA 94103
Updated: October 13, 2006

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NEWS RELEASE

Comptroller of the Currency
Administrator of National Banks

NR 2006-84

FOR IMMEDIATE RELEASE
August 14, 2006

Contact: Robert M. Garsson
(202) 874-4294

OCC Issues Guidance on Gift Cards

WASHINGTON – The Office of the Comptroller of the Currency today issued guidance on disclosure and marketing issues associated with gift cards. The guidance focuses on the need for national banks that issue gift cards to do so in a manner in which both purchasers and recipients are fully informed of the product's terms and conditions.

“The gift card market is growing rapidly, and the terms and conditions of various cards can vary widely,” said Comptroller of the Currency John C. Dugan. “It’s very important that national banks engaged in this business adopt robust disclosure policies so that consumers understand what they are getting when they buy or receive a gift card.”

Gift cards present special challenges because disclosures to a purchaser may not be adequate for a gift card recipient. The OCC expects national banks that issue gift cards not only to inform purchasers about material terms and conditions, but to take appropriate steps so that critical information is likely to be available to recipients as well.

Basic information that is most essential to a gift card recipient’s decisions about when and how to use the card should be provided on the gift card itself, or on a sticker or tape affixed to the gift card. Disclosures should generally tell consumers:

- The expiration date of the card (which should appear on the front of the card);
- The amount or the existence of any monthly maintenance, dormancy, usage or similar fees;
- How to obtain additional information about their cards or other customer service (for example, by providing a toll free number or website address).

In addition, since the user of the gift card is generally not the person who purchased the product, issuers should provide information for card recipients and encourage purchasers to pass it on. These disclosures could be carried in promotional packaging or inserted into an accompanying sleeve and include such information as the name of the issuing bank, any fees that may apply and what to do if the card is lost or stolen.

The OCC’s new guidance also advises national banks to avoid practices that could be misleading to consumers. For example, issuers should not advertise a gift card with “no

expiration date" if monthly service or maintenance fees, dormancy fees or similar charges can consume the card balance. Similarly, if fees may consume the card balance before the stated expiration date, disclosures related to that expiration date should explain that possibility. Issuers should also avoid describing gift cards as if they are gift certificates or other payment instruments more familiar to consumers, or as products that carry federal deposit insurance.

The full text of the guidance is available on the news release page of the OCC's web site.

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The Office of the Comptroller of the Currency was created by Congress to charter national banks, to oversee a nationwide system of banking institutions, and to assure that national banks are safe and sound, competitive and profitable, and capable of serving the banking needs of their customers in the best possible manner. OCC press releases and other information are available at <http://www.occ.gov>. To receive OCC press releases and issuances by email, subscribe at <http://www.occ.gov/listserv.htm>.



NEWS RELEASE

Comptroller of the Currency
Administrator of National Banks

NR 2006-127

FOR IMMEDIATE RELEASE
November 28, 2006

Contact: Kevin M. Mukri
(202) 874-5770

OCC Reminds Consumers of Holiday Tips on Gift Cards

WASHINGTON – As the holiday shopping season gets underway, the Office of the Comptroller of the Currency (OCC) wants consumers to know that it is important to check carefully the terms and conditions that apply to gift cards they buy or receive.

People thinking about purchasing gift cards should consult a 2004 OCC Consumer Advisory that provides important information about such issues as fees and expiration dates, and explains how to handle complaints and lost or stolen cards.

“As we enter the holiday season, it is especially important that consumers be alert to the wide variety of terms and conditions available in the gift card market,” said Comptroller John C. Dugan. “By asking a few questions based on the information provided in our Advisory, holiday shoppers will be able to select the gift card that best meets their requirements for this popular product.”

Some issuers, for example, deduct a monthly fee from the gift card or apply inactivity fees if the card has not been used for some period of time. Gift card holders may not realize that the value of their cards has been reduced until they use them for a purchase.

The OCC suggests that consumers make sure they have received disclosures on some of the important terms and conditions of the gift card they purchase, including:

- The fees, if any, that apply to the gift card, including those that apply after the sale and reduce the value of the card
- The expiration date of the gift card
- The procedures to follow in the event a card is lost or stolen
- The locations at which the gift card can be used
- The procedures to follow in the event there are problems with the gift card

If these disclosures are not stated on the gift card itself, or its packaging, the OCC suggests that consumers check to see if there is a toll-free number or Web site that will provide this information.

Some gift cards are issued by banks and some are issued by nonbank companies. The OCC has been providing periodic guidance to national banks on the subject of stored-value cards, including gift cards. The most recent OCC guidance on gift cards was issued on August 14, 2006, and addressed disclosure and marketing issues associated

with gift cards.

Consumers are encouraged to read "*Gift Cards: OCC Provides Holiday Tips for Consumers*" on the OCC's Web site: www.occ.gov/ftp/release/2004-108a.pdf.

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The Office of the Comptroller of the Currency was created by Congress to charter national banks, to oversee a nationwide system of banking institutions, and to assure that national banks are safe and sound, competitive and profitable, and capable of serving the banking needs of their customers in the best possible manner. OCC press releases and other information are available at <http://www.occ.gov>. To receive OCC press releases and issuances by email, subscribe at <http://www.occ.gov/listserv.htm>.



States Challenge Mall Gift Cards

November 7, 2004

Gift certificate and gift cards have become increasingly popular gifts at holiday time, but consumers should be aware that many come with hidden fees and may have a limited life span.

Massachusetts and Connecticut are taking a chain of shopping malls to court. The states have filed suit against Simon Malls, charging the national mall chain is selling gift cards that violate state consumer protection laws.

"These 'gift cards' are riddled with additional charges that Massachusetts consumers should not have to pay," Massachusetts Attorney General Tom Reilly said. "Despite the name, these gift cards are not what they seem."

Reilly said the cards violate the Massachusetts Gift Certificate law, which requires that gift cards be redeemable at full face value for seven years.

"Simon says - but Simon Property fails to tell the truth, when it subtracts \$2.50 a month from consumer gift cards six months or older," Connecticut Attorney General Richard Blumenthal said. "Simon illegally picks its customers' pockets to reactivate cards with unused balances."

"Card purchasers intend to give a gift to friends or loved ones, not to an already wealthy mall owner. State law - as well as logic and fairness - demand that gift cards retain their value just like dollars in a drawer," Blumenthal said.

In the Massachusetts lawsuit, Reilly charges that Simon Malls imposes a one-year expiration date on its cards and charges consumers numerous fees that significantly reduce the value of the card before it expires. Those charges include a \$2.50 dormancy fee that Simon automatically charges after the card has been held for six months, an initial fee to purchase the card, and fees for checking the card's balance or transferring the balance to another card.

While the state gift certificate law requires gift cards to be redeemable at full face value for seven years, a Simon Gift Card with a \$25 face value is worth only \$12.50 after the eleventh month, and would expire - be worth nothing at all - after one year.

The lawsuit alleges that these gift cards are subject to Massachusetts law, and not immune from state enforcement under the National Bank Act because they are not a bank product, as Simon Malls contends in a recent lawsuit. Reilly also alleges that Simon Malls does not sufficiently disclose fees connected with the card before consumers purchase them.

Connecticut's suit charges Simon is illegally imposing expiration dates on gift cards and charging fees on unused balances. The suit also charges that Simon fails to properly inform customers of two additional fees: a 50-cent charge to check the card balance and a \$5 fee to replace a stolen or lost card.

Simon Property Group is based in Indiana and owns and operates regional malls throughout the United States, including 14 in Massachusetts.

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boston.com

THIS STORY HAS BEEN FORMATTED FOR EASY PRINTING

CONSUMER BEAT

Bill could run bank gift cards out of Mass.

The Boston Globe

By Bruce Mohl, Globe Staff | April 9, 2006

Beacon Hill lawmakers are trying to rein in bank-issued gift cards by outlawing the fees the cards depend on for a profit, a move that could have the effect of running the cards right out of the state.

The Senate has approved and sent to the House a bill that broadens the existing gift-card law to include bank-issued cards and to prohibit all customer fees for a period of seven years.

Industry analysts say bank-issued cards, which differ from retail gift cards in that they can be used virtually anywhere the card issuer (Visa, MasterCard, or American Express) is accepted, may not be able to survive if they are forced to eliminate their fees.

Senator Michael W. Morrissey, a Quincy Democrat who helped draft the gift-card legislation, said American Express representatives have told him the company would stop selling its cards in Massachusetts if the bill passes. American Express has already stopped shipping cards to Connecticut, Hawaii, New Hampshire, Rhode Island, and Vermont because of restrictions in those states. A company spokesman declined to comment.

Morrissey said the legislation would give Attorney General Thomas F. Reilly greater leverage in his lawsuit against a popular bank card issued by Indianapolis-based Simon Property Group, which operates malls in Massachusetts and across the country.

"It's like driving a knife through their heart," Morrissey said. "If we pass this, we will definitely make the attorney general's job easier."

Sarah Nathan, a Reilly spokeswoman, said the attorney general supports the legislation for the reason he sued Simon, to protect consumers. "Consumers should not have to worry that hidden fees and charges will wipe out the value of a gift card," she said.

Stewart A. Stockdale, chief marketing officer for Simon, said consumers know the pros and cons of bank-issued cards, which can be used in most stores, and retail cards, which can be redeemed only at the issuing store.

"The national trend is to incorporate that distinction into local legislation, focusing on consumer disclosure and customer education — rather than fee prohibitions — and allowing consumers to choose which option best suits their needs. It appears that, so far, the Massachusetts Legislature has chosen not to follow this trend," Stockdale said.

Stockdale declined to say what Simon would do if the gift-card legislation passes, other than to say that the Simon card "has been operated, and will continue to be operated, in compliance with all applicable law."

Several states give special treatment to bank-issued cards. New Jersey, for example, passed a gift-card law in January that prohibited dormancy, or inactivity, fees for at least two years. Prepaid bank-issued cards were exempted from the law.

Gift cards have become an enormous business since Blockbuster issued the first one in 1996. The Tower Group, a Needham research firm owned by MasterCard, estimates total sales this year of \$61.8 billion, with the market split between retail cards (\$50.8 billion) and prepaid bank cards (\$11 billion).

The prepaid market, consisting of cards directed at shoppers, consumers without bank accounts, and

corporations looking for a way to reward employees, is expected to grow 42 percent over the next two years to \$15.6 billion.

But as the prepaid market expands, it is bumping up against state laws restricting the fees and expiration dates of gift cards. Reilly, for example, sued Simon Property Group in November 2004, alleging it was violating the state gift-card law by selling a card that expired after one year and assessed \$2.50-a-month dormancy fees after six months.

Simon has since modified the card's terms, imposing the \$2.50-a-month fee after 13 months and making the card last at least 20 months. The card also comes with an initial \$2 to \$3 handling fee.

Simon has argued that its card is issued by a federally chartered bank and therefore not subject to state regulation. But that assertion was undercut by the US Office of Comptroller of the Currency, which notified Reilly and Simon that state restrictions on gift card fees are not preempted by federal regulations or law.

With Reilly's case against Simon dragging on in state court, the new gift-card legislation was drafted to give the attorney general more ammunition. Morrissey said anger about gift card fees is so great on Beacon Hill that he attracted more than 80 cosponsors with little effort.

Massachusetts law requires gift cards to last seven years, but the law is vague. Reilly has interpreted the language to mean that a card must last seven years before any fees can reduce its value, but the law doesn't specifically prohibit fees and it's not clear whether the law even applies to a card that could be redeemed anywhere.

The bill moving through the Legislature expands the definition of a gift card to cover cards that can be redeemed at multiple locations and prohibits "dormancy fees, latency fees, gratuities, or any other administrative fees or service charges that have the effect of reducing the total amount."

If the law passes or Reilly prevails in court, the bank-issued cards may have a tough time surviving here. Retail cards can operate without fees because cardholders eventually have to return to the store that issued the card to buy something. Owners of prepaid cards, by contrast, can shop almost anywhere, so the bank offering the card needs fee income to turn a profit.

Dennis Moroney, senior bank cards analyst at the Tower Group, said the market for prepaid gift cards is so big and expanding so fast that banks may just increase their up-front handling fees to cover their costs. He said rising fees could turn off consumers and pressure the federal government to develop a national gift-card policy.

"Your state is rattling the cage here," Moroney said. "In the end, like most things in life, there's probably going to be a compromise."

Bruce Mohl can be reached at mohl@globe.com. ■

SB

131

(AMENDED)
SENATE BILL NO. 131

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIFTH LEGISLATURE - FIRST SESSION

BY SENATORS ELLIS BY REQUEST, Dyson

Introduced: 3/21/07
Referred: State Affairs

A BILL

FOR AN ACT ENTITLED

1 "An Act naming the state parking garage being constructed in Anchorage north of the
2 Robert B. Atwood Building as the ~~Carolyn~~ Linny Pacillo Parking Garage."

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

4 * Section 1. AS 35.40 is amended by adding a new section to read:

5 Sec. 35.40.205. ~~Carolyn~~ Linny Pacillo Parking Garage. The state parking
6 garage being constructed in Anchorage north of the Robert B. Atwood Building is
7 named the ~~Carolyn~~ Linny Pacillo Parking Garage. The name of the facility honors
8 ~~Carolyn~~ Linny Pacillo, one of the original Anchorage "parking fairies," who served
9 the community as an agent of change through small acts of purposeful altruism.

Submitted by: ASSEMBLY MEMBER SULLIVAN;
Mayor Begich

Prepared by: Assembly Counsel

For reading: February 27, 2007

CLERK'S OFFICE

APPROVED

Date: 2-27-07

ANCHORAGE, ALASKA

AR NO. 2007-60

1 A RESOLUTION OF THE ANCHORAGE MUNICIPAL ASSEMBLY FOR SUBMISSION
2 TO THE TWENTY-FIFTH ALASKA STATE LEGISLATURE IN SUPPORT OF NAMING
3 THE STATE'S NEW PARKING GARAGE IN DOWNTOWN ANCHORAGE IN HONOR
4 OF CAROLYN "LINNY" PACILLO.

5
6 WHEREAS, the new State Parking Garage under construction in downtown
7 Anchorage north of the Atwood Building is a state parking facility; and

8
9 WHEREAS, the Twenty-fifth Alaska State Legislature has full legislative authority to
10 name state facilities; and

11
12 WHEREAS, by resolution dated December 19, 2006 entitled "A RESOLUTION OF THE
13 ANCHORAGE MUNICIPAL ASSEMBLY HONORING AND REMEMBERING THE LIFE OF CAROLYN
14 "LINNY" PACILLO AND THE CONTRIBUTIONS SHE MADE TOWARD THE BETTERMENT OF THE
15 MUNICIPALITY OF ANCHORAGE", the Anchorage Municipal Assembly unanimously recognized
16 and honored the passing of a uniquely influential Anchorage resident, Linny Pacillo; and

17
18 WHEREAS, widely known around Anchorage as one of the "Parking Fairies", Linny
19 Pacillo served the community as an agent of change, adorned in a tutu and fairy-wings,
20 leaving compassion, humor, and profound change in her wake; and

21
22 WHEREAS, in co-sponsoring the December 19, 2006 resolution, the Mayor of
23 Anchorage and the Anchorage Municipal Assembly concurred in recognizing that
24 "seemingly small acts of purposeful altruism" like those of Linny Pacillo "can alter
25 government policy and make life better for individuals living in a democratic society"; and

26
27 WHEREAS, during her lifetime, the Twentieth Alaska State Legislature formally
28 honored Linny Pacillo and her sister Susan Pacillo for reminding all of us that "government
29 must serve the people"; and

30
31 WHEREAS, in the words of this prior state legislature, the actions of the Pacillo
32 sisters "confirmed the strength of our democracy by showing that wrongs can be corrected
33 and the will of the people can triumph"; and

34
35 WHEREAS, to honor Linny Pacillo, her family, and the Municipality of Anchorage by
36 designating the new State Parking Garage in her memory would serve to recognize this
37 exceptional citizen and remind us all that we live in a representative democracy that
38 honors its agents of change;

39

1 NOW THEREFORE BE IT RESOVED that the Anchorage Municipal Assembly
2 honors and remembers the positive impacts and profourd influence of Carolyn "Linny"
3 Pacillo's life by giving its support and recommendation to the Twenty-fifth Alaska State
4 Legislature to name the new State Parking Garage, under construction in downtown
5 Anchorage, in her memory.
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7 PASSED AND APPROVED by the Anchorage Assembly this 27th day of
8 February, 2007.
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13 Alan Sullivan
14 Chair

15 ATTEST:

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19 Bonnie E. Grewer
20 Municipal Clerk
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THE ALASKA LEGISLATURE



^ HONORING ^

^ LINNY PACILLO AND SUSAN PACILLO ^

^ A.K.A. "THE PARKING FAIRIES" ^

The members of the Twentieth Alaska State Legislature take pride in honoring Linny Pacillo and Susan Pacillo for demonstrating that "government of the people, by the people, for the people has not perished from the earth." The Pacillo sisters, by their acts of volunteer service, have reminded us that government must serve the people.

Both Linny and Susan, dressing in outrageous costumes and calling themselves "The Parking Fairies," travel the downtown streets of Anchorage depositing coins into expired parking meters. These acts of kindness and charity were painted as acts of sedition and defiance by a government agency that was using civil penalties as a revenue generating process. The aggressiveness of this agency in seeking out and enforcing civil penalties was completely counter to government's mandate to serve the people.

Our Declaration of Independence states that, "Governments are instituted among men, deriving their power from the consent of the governed, that whenever any government becomes destructive of these ends, it is the right of the people to alter or abolish it." By their actions, the Pacillo sisters have reminded all of us that government must serve the people. They have also confirmed the strength of our democracy by showing that wrongs can be corrected, and that the will of the people can triumph.

The Twentieth Alaska State Legislature salutes Linny Pacillo and Susan Pacillo for their conduct as "The Parking Fairies." It is gratifying to have witnessed their course of action. Our confidence in the democratic form of government is reaffirmed.



Gail Phillips
GAIL PHILLIPS
SPEAKER OF THE HOUSE

Mike Miller
MIKE MILLER
PRESIDENT OF THE SENATE

Date: January 21, 1998

Fred Dyson
FRED DYSON
PRIME SPONSOR

Cosponsors: Representatives Berkowitz, Dine, Croft, Dero, Grossenbutel, Hodgins, Ivon, James, Kelly, Kumpfen, Kott, Kubisa, Nicholls, Ogan, Rokelberg, Ryan, Sanders, Thernston, Veroy, Williams; Senators Ellis, Douglas, Taylor, Kelly, Pearce, Green, Duncan, Hoffman, Hallford, Mackie, Lincoln.

ALASKA STATE LEGISLATURE

Sponsor



Statement

SB 131: "Naming Pacillo Parking Garage"

Senate Bill 131 would name the new state parking garage in Anchorage in honor of Carolyn 'Linny' Pacillo. Linny was a constant positive force for change in Anchorage, and it is only fitting that the new parking garage bear her name.

Linny moved to Homer, Alaska with her family in September of 1974. She worked in numerous restaurants, fished on salmon tenders in Bristol Bay and crab boats in the Bering Sea and built and operated the first mobile espresso stand in Alaska "Not the Same Old Grind". In 1988, Linny moved to Anchorage to run the family gas station, Courtney's on Tudor Road. Linny was a champion of "the Little Guy" and a voice for ordinary citizens. Throughout her life she raised money and awareness for many causes and charities including the Muscular Dystrophy Association, Food Bank of Alaska, Alaska Women's Aid in Crisis, Standing Together Against Rape, Challenge-Alaska, American Lung Association of Alaska, and the March of Dimes, among others. She also bought and delivered a water supply pump to a small village in Nicaragua, and quietly aided thousands of individuals with a tank of gas, a clean coat, a safe place to sleep, and a hot meal.

Linny, along with her sister Susan, challenged the Anchorage Parking Authority by donning tutus and fairy-wings and depositing coins into expired parking meters. Linny was an agent of change leaving compassion, humor, and a profound change in her wake. The Twentieth Alaska State Legislature formally honored the Parking Fairies and stated, "The Pacillo sisters have reminded all of us that government must serve the people. They have also confirmed the strength of our democracy by showing that wrongs can be corrected, and that the will of the people can triumph."

The Carolyn 'Linny' Pacillo Parking Garage would serve as a reminder that we live in a representative democracy that honors its agents of change. It would serve to honor Linny's tireless efforts to improve the parking experience of Anchorage residents and its visitors. I ask you to support SB 131, and recognize this extraordinary Alaskan's life.

Municipality of Anchorage
MUNICIPAL CLERK'S OFFICE
Agenda Document Control Sheet

AR 2007-60

(SEE REVERSE SIDE FOR FURTHER INFORMATION)

1	SUBJECT OF AGENDA DOCUMENT NAMING THE STATE'S NEW PARKING GARAGE	DATE PREPARED 2/27/07
		Indicate Documents Attached <input type="checkbox"/> AO <input checked="" type="checkbox"/> AR <input type="checkbox"/> AM <input type="checkbox"/> AIM
2	DEPARTMENT NAME Assembly	DIRECTOR'S NAME Dan Sullivan, Chairman
3	THE PERSON THE DOCUMENT WAS ACTUALLY PREPARED BY Julia Tucker, Assembly Counsel	HIS/HER PHONE NUMBER 343-4419
4	COORDINATED WITH AND REVIEWED BY	INITIALS
	DATE	
	Mayor	
	Municipal Clerk	
	Municipal Attorney	
	Employee Relations	
	Municipal Manager	
	Cultural & Recreational Services	
	Fire	
	Health & Human Services	
	Merrill Field Airport	
	Municipal Light & Power	
	Office of Management and Budget	
	Police	
	Port of Anchorage	
	Public Works	
	Solid Waste Services	
	Transit	
	Water & Wastewater Utility	
	Executive Manager	
	Community Planning & Development	
	Finance, Chief Fiscal Officer	
	Heritage Land Bank	
	Management Information Services	
	Property & Facility Management	
	Purchasing	
	Other	
5	Special Instructions/Comments	
	ADDENDUM - CONSENT AGENDA-RESOLUTIONS FOR ACTION	
6	ASSEMBLY HEARING DATE REQUESTED 2/27/07	7
		PUBLIC HEARING DATE REQUESTED N/A

1007 FEB 28 AM 10:16
 M.O.A.
 ULDNAS OFFICE

Submitted by: Mayor Begich and Assemblymembers
SULLIVAN, Fairclough, Bauer, Birch, Coffey, Jennings,
Ossiander, Shamberg, Stout, Tesche, and Traini
Prepared by: Office of the Municipal Clerk
For reading: December 19, 2006

CLERK'S OFFICE
APPROVED

Date: 12-19-06 ANCHORAGE, ALASKA
AR NO. 2006-326 (S)

1 A RESOLUTION OF THE ANCHORAGE MUNICIPAL ASSEMBLY HONORING AND
2 REMEMBERING THE LIFE OF CAROLYN "LINNY" PACILLO AND THE
3 CONTRIBUTIONS SHE MADE TOWARD THE BETTERMENT OF THE MUNICIPALITY OF
4 ANCHORAGE.

5
6 WHEREAS, Carolyn "Linny" Pacillo, an Anchorage resident and political activist,
7 passed away on November 17, 2006 after a lengthy illness; and

8
9 WHEREAS, she was widely known around Anchorage as one of the 'Parking Fairies'
10 who fought authority with a tutu and fairie wings; and

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12 WHEREAS, her acts of civil disobedience reflected her desire to help her neighbors by
13 influencing local politics through compassion and humor – these acts, and the manner by
14 which they were applied – won her the affection of many Anchorage citizens; and

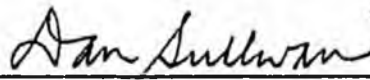
15
16 WHEREAS, her actions have helped to illustrate that seemingly small acts of
17 purposeful altruism can alter government policy and make life better for individuals living in a
18 democratic society; and

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20 WHEREAS, she is remembered by her family as being "a generous, kind, courageous,
21 caring individual. She was a community activist, not afraid to challenge authority when
22 necessary with incessant civil disobedience. She lived life on her own terms with a uniquely
23 genuine sense of humor. She gave generously of herself to everyone she met."

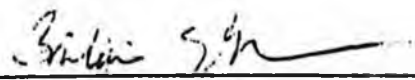
24
25 NOW THEREFORE BE IT RESOLVED that the Anchorage Assembly honors and
26 remembers the positive impacts, and influential life, of

27
28 **Carolyn "Linny" Pacillo**

29
30
31 PASSED AND APPROVED by the Anchorage Assembly this 19th day of December,
32 2006.

33
34 
35 _____
36 Chair

37 ATTEST:

38
39 
40 _____
41 Municipal Clerk

Anchorage's own superhero wore a tutu**COMPASS: POINTS OF VIEW FROM THE COMMUNITY**

By ANDREE McLEOD AND PATRICK McLEOD

(Published: November 25, 2006)

Heaven had better have its house in order because Linny is a -comin'! One of our beloved Parking Fairies, Linny Pacillo, has traded in her fairy wings for angel wings and Anchorage has lost one of its most endearing public leaders.

Linny's leadership involved a rather unorthodox, meticulously sophisticated, in-your-face kind of style. Linny knew what was right and what was wrong. And she knew it was right to challenge authority when it was wrong.

The large sign at Courtney's on Tudor, her family's gas station where she worked, was a daily testament of her beliefs and a venue for speaking her piece about the injustices and wrongs in the world. The status quo was confronted every day. Commuters got into the habit of reading Linny's sign to see what was up and have a belly laugh.

Linny had courage, which was tested often by people holding positions of power. When she took on the institutions and businesses that attempted to pilfer the pockets of ordinary citizens, she was subjected to threats and intimidations that would have scared most people. But Linny was indomitable and persistently attended public meeting after meeting while continuing to delight by putting nickels and quarters in parking meters.

Linny and her sister Susan took on the Parking Authority and won like Olympic gymnasts: making it look easy and fun. Well, not fun for everyone. There are people who bristle still at the mention of Linny.

It's safe to say that if you wanted to ignore Linny you found out soon enough that discounting her was not an option. Just ask a few former Assembly members and a mayor or two. She had a knack for telling people to ... uh ... "go fly a kite" and getting away with it. She conducted her campaign like she lived her life -- on her own terms, regardless of what politicians or bureaucrats thought.

Children loved her because she was a real-life superhero: an honest-to-goodness fairy dressed with a tutu, tights, a set of sparkling wings and an animated out-of-this-world way of talking. She would lavish praise on them as she mentored the many who came in to buy a candy bar or soda. She would discuss with them whatever was on their minds. They always had questions for her because she had a gift for stimulating children's curiosity. She taught them one of life's important lessons: not to spare a minute of the day being idle.

Albert Schweitzer said, "Example is not the main thing in influencing others. It is the only thing." Linny showed us how to be good citizens. She was generous with her time and energy, engaging in a righteous power struggle with an exploitative and oppressive public institution. Her goal was to win back a fundamental right for the people of Anchorage, and in the end she won.

Recognition of Linny's generosity of spirit was the source of the great public affection felt toward her. A genuine leader, Linny never forgot or disregarded the many friends who helped along the way.

So long, our dear, beautiful, sweet, fiery friend. Though you no longer walk and laugh among us, your blazing spirit will live on in the hearts of many and the minds of untold thousands whose lives (and downtown parking experiences) were enhanced because of you. You are forever Anchorage's symbol representing the strength of common people fighting for their interests and the reality that all we need to do in order to improve our community is to have the courage to begin to struggle and the sense of humor to persevere in that struggle until we win.



"Partners in building community for all Alaskans..."

March 14, 2007

Rod Moline, Director
Division of Senior and Disabilities Services,
Department of Health & Social Services
PO Box 110680
Juneau, AK 99811

Dear Rod,

On behalf of AADD I am respectfully asking you to bring to the Commissioner of Health and Social Services our request to withdraw the Proposed Changes to Regulations 7 AAC 43 Medical Assistance, Home and Community-Based Waiver Services that extends the rate freeze/moratorium until July 1, 2008. This would be the fourth consecutive year of such a rate freeze and would simply continue the steady erosion of our community programs that individuals rely on for essential support.

The following items are only a sampling of the negative impact of this rate freeze, which is compounded each year:

Impact on workforce development: We are experiencing extreme difficulty in recruiting and retaining staff; lower service delivery, some individuals unserved; excessive turnover; related expense in training/clearing (background checks) employees; staff making lower take home wages as a result of no salary increases and greater co-pays for health insurance coupled with decreases in coverage.

Overwhelming challenges to meet escalating cost of living: Utility increases particularly heating costs, transportation costs including escalating fuel prices, worker's compensation premiums, significant increases in providing health insurance and related benefits, failure to adjust all aspects of cost of living increases, repair and maintenance, both for household and vehicle, travel and supplies.

Significant impact on families and consumers: lower utilization rates ultimately penalize families and consumers when an agency's inability to offer reasonable wages to secure and maintain an adequate workforce causes shortages, decreased utilization also contributes to inability to cover fixed costs and consequent erosion of infrastructure that impacts quality for families and individuals.

Disparity and inequity between community service providers and providers of Long Term Care: the lack of a "process" for community providers that governs an annual rate review with adjustments, lack of an advisory body such as the Medical Rate Advisory Committee that has been in existence for Long Term Care for reviewing and adjusting rates results in community wages falling significantly behind with additional loss in benefits.

AADD adamantly opposes the extension of the rate moratorium predicated on the already devastating effects of the past three years.

Sincerely,

Gwendolyn Lee
President

SB

134

**SENATE COMMITTEE REPORT
First Committee of Referral**

DATE: 3/21/07

FURTHER: Finance

Date of 5-Day Notice: _____
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: _____

State Affairs Committee considered SENATE BILL NO. 134

SB 134 FUNDING SHORTFALL POLICY

"An Act relating to the policy of the state regarding the state budget and the source of funding used to cover a shortfall in general fund revenue."

and recommends:

- be replaced with SCS or CS _____ (_____)
- adopt previous SCS or CS _____ (_____)
- attached amendment(s)
- adopt _____ Letter of Intent
- further referral to _____ Committee

SENATE BILL:
<input type="checkbox"/> Same Title
<input type="checkbox"/> New Title
<hr/>
HOUSE BILL:
<input type="checkbox"/> Same Title
<input type="checkbox"/> Technical Title Change
<input type="checkbox"/> New Title w/ SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
GOV	3/17			✓	

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS	PRINTED LASTNAME	DO PASS	DO NOT PASS	NO REC	AMEND
<i>[Signature]</i>	French				✓
<i>[Signature]</i>	French			✓	
<i>[Signature]</i>	Bundo			✓	
<i>[Signature]</i>					
CHAIR: <i>[Signature]</i>	McGuire			✓	

FISCAL NOTE

STATE OF ALASKA
2007 LEGISLATIVE SESSION

Fiscal Note Number: SB134-GOV-OMB-4-17-07
 Bill Version: SB 134
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: All
 Title State budget policy RDU _____
 Component _____
 Sponsor Sen. Wilken
 Requester Sen. State Affairs Committee Component No. _____

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2007) cost: 0.0
 Check this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation would amend the Executive Budget Act to state that it is the "policy of the state that the amounts necessary to cover a projected shortfall in general fund revenue during a fiscal year be appropriated equally from the constitutional budget reserve fund and the earnings reserve account.

This policy statement would not be legally binding on the Governor or Legislature; therefore, this legislation would not have a significant fiscal impact on any State agency.

Prepared by: Jack Kreinheder, Senior Analyst Phone 465-4676
 Division: Office of Management and Budget Date/Time 4/17/07 10:13 AM
 Approved by: Karen J. Rehfeld, Director Date 4/17/2007
 Agency: Office of Management and Budget

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Anchorage Daily News

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A sensible approach to filling budget gaps

(Published: April 2, 2007)

Sen. Gary Wilken's bill to ease future state revenue shortfalls by drawing from the Constitutional Budget Reserve Fund and the Permanent Fund earnings reserve account makes great sense.

Usually such measures are quickly stomped to death by legislators who bray piously that they are protecting the Permanent Fund dividend checks. That could happen again, but the Fairbanks Republican asks only that the Legislature adopt a guideline for future legislatures on ways to cover budget gaps.

Maybe, just maybe, good sense will prevail and Wilken's idea will be adopted. After all, it will be several years - at least - before such a draw would be made, so today's legislators presumably would not be harmed by angry voters right away.

The "give me my check" crowd doesn't usually get fired up about abstract concepts like guidelines for handling future budget deficits or long-term fiscal planning. The Constitutional Budget Reserve currently contains \$2.6 billion and the earnings reserve account has \$4.7 billion.

Wilken's press release on the measure said Permanent Fund officials estimate that a draw of \$250 million a year for 10 years would reduce dividend checks by only \$20 a person in 2011 and reach \$89 each in 2016, "an amount that could be far less than a sales or income tax."

And that alternative is very real. The state has a surplus for the current fiscal year because of recent high oil prices, but with throughput in the oil pipeline declining, it will have a growing deficit starting in just a few years and lasting until gas revenues start coming in.

There are several other good reasons for adopting such a measure. For one, it would be a marvelous incentive to keep state spending low. The less government spends, the more the people will get in their checks. That would be something for zealous legislators to brag about.

Also, the free money program is becoming an embarrassment in Washington, D.C. Congress is taking a sharp look at Alaska's many requests for funds and members from other states are asking why the 49th state can't meet some of its own needs when it has nearly \$38 billion in the bank that is used only to send checks to all its residents.

If Alaska doesn't start filling some of its own needs by using part of the financial resources it has socked away in the Permanent Fund - the purpose for which the fund was originally established - there could be a very real cost in the volume of dollars flowing from Washington to this state.

Congress could, as some suggest, take a hard look at the free-money program and become reluctant to approve some of the funds earmarked for Alaska by its three-member congressional delegation.

Free money might not be so free anymore.

FAIRBANKS
Daily News - Miner

Yes, a deficit

Published March 23, 2007

Sen. Gary Wilken's soapbox has been reduced to the size of a matchbox as the result of his relegation to minority status in the state Senate, but the message he intends to send forth in the coming weeks hasn't diminished in scope one iota.

What the Fairbanks Republican senator is talking about, and has been talking about for a few years, is the unsustainability of the state budgets. In simple terms: Alaska isn't going to have the money it needs for the budgets it is likely to have.

This notion may take Alaskans by surprise.

After all, didn't we all witness a great debate in Juneau last year about the nifty new oil tax that would bring the state millions more in oil revenue? And aren't oil prices sitting comfortably at levels that are nice and high?

Yes and yes.

So Alaska must surely be financially safe, you say.

No.

In fact, Alaska is looking at a slight budget shortfall as early as fiscal 2009, according to data from the Legislative Finance Division and presented as part of Sen. Wilken's continuing campaign of legislative and public awareness of the coming financial problem and of his own solution. Thereafter, Alaska is looking at an increasingly widening gap caused by a decline in oil production, even with the new tax system in place. The increasing size of the gap is also based on the assumption that state spending will increase 3 percent annually to account for inflation — and that's a generous calculation that does not factor in any population increases and any major expenditures like paying down the enormous retirement debt.

What to do.

Gov. Sarah Palin, for her part, has put forward a fiscal 2008 budget that is significantly smaller than the fiscal 2007 budget approved by the Legislature. Her budget is a recognition that Alaska can't have burgeoning budgets while it waits for revenue to roll in from a North Slope natural gas pipeline. She's on the right track with that kind of thinking, though there's a real question about whether the budget needs to be as stark as she has proposed. Fairbanks and other parts of the state still have needs.

Nonetheless, the facts about the future leave legislators with little choice but to listen to what Sen. Wilken, and others, are saying.

Legislators don't have to agree with Sen. Wilken's proposal, which would rely on the Constitutional

Budget Reserve and the Permanent Fund Earnings Reserve to bridge the money gap until revenue from the natural gas pipeline starts rolling in in about fiscal 2016. But they do need to be responsible, recognize the reality of the situation — a reality that includes the recognition that the state can't cut its way out of the impending deficits — and come up with a solution.



Daily News - Miner

A plan for Alaska's fiscal future

By Stefan Milkowski
Published April 8, 2007

JUNEAU — The state's finances are like its landscapes and weather — dramatic and fast-changing. This year the state will likely bring in about \$1 billion more than it spends. But next year, revenues are expected to match expenses, and the year after that, the state could be in the red by \$500 million or more.

Because revenues are so closely linked to oil prices and production levels, they're largely unpredictable. To the extent they can be predicted, the money the state brings in each year — and has to spend on state services — is expected to drop steadily for the next 10 years.

It's in this context that Sen. Gary Wilken, a Republican from Fairbanks, is pushing a "long-term fiscal plan" to fill the gap between what the state takes in and what it spends.

Wilken's plan is simple. The state should create "responsible, sustainable" budgets, and when it doesn't have enough money in a given year to meet its budget, it should draw equally from the Constitutional Budget Reserve, a savings account for state government, and the Earnings Reserve Account of the Alaska Permanent Fund.

The principal of the Permanent Fund is protected by the Alaska Constitution and would require a constitutional amendment to access, but the earnings of the fund can be spent with a simple majority vote of the Legislature. According to Wilken, a former co-chair of the Senate Finance Committee, using even a few hundred million dollars a year in times of need would have only a small effect on dividend checks.

But previous proposals involving Permanent Fund earnings have failed miserably, and in the weeks since Wilken introduced his proposal, support from other lawmakers has been slim.

Bert Stedman, a Republican from Sitka and co-chair of the Senate Finance Committee, said he didn't think his committee would review the bill any time soon.

Bridging the fiscal gap

Wilken spelled out the problem at a presentation late last month.

If state spending goes up 3 percent a year — enough to keep up with inflation — and if the Department of Revenue's projections prove true, the state will come up short starting the year after next.

Within a few years, spending will exceed revenues by \$1 billion, and by 2017 — about when the state can expect to see revenues from a natural gas pipeline — the gap will grow to about \$2 billion. (General fund spending in 2017 would be about \$5 billion and revenues about \$3 billion.) The Constitutional Budget Reserve, which has a balance of \$2.5 billion, would not be enough to cover the multi-year deficits.

There's been a fair amount of talk in Juneau over the impending "fiscal gap." Gov. Sarah Palin has said the forecast deficits underscore the importance of saving money in times of surplus and controlling state spending. The House Ways and Means Committee held a series of meetings this session on the subject, and lawmakers cite the projected deficits in explaining their opposition to funding new state programs.

"I'm absolutely convinced there's going to be a deficit," said Sen. Fred Dyson, a Republican from Eagle River and member of the Senate Finance Committee, "and I don't know of any tooth fairy that's going to jump out of the closet with a sparkly stick and rescue us."

A few lawmakers are pushing proposals meant to address the issue.

HB 125 in the House and SB 25 in the Senate call on the governor to craft detailed fiscal plans covering the next 10 and 15 years, respectively. Another House bill, HB 68, would require the Legislature to adopt a fiscal plan each year that would cover the following four years and could include ideas for increasing revenues and limiting spending. But Wilken's bill, SB 134, is the only specific proposal for dealing with the projected deficits, and it has limited support.

Some lawmakers question the state projections of declining revenues, while others argue deficits could be limited by reducing spending.

Stedman, the Finance Committee co-chair, said it doesn't make sense to develop a long-term plan when there are so many major, unresolved budget issues, including looming retirement costs and the effect of the new oil tax on production levels.

"A plan today is going to have to be modified tomorrow," he said.

Even Wilken's colleagues in the Senate minority offered lukewarm support for the proposal.

Senate Minority Leader Gene Theriault, R-North Pole, credited Wilken for pushing the issue but stopped short of endorsing his proposal to use Permanent Fund earnings.

"That causes me a little bit of concern," he said.

'It's not robbing the Permanent Fund.'

Wilken acknowledges that using Permanent Fund earnings is not a popular idea.

"This is the third rail of politics around here," he said. "You touch it, you're in trouble."

But Wilken stressed the difference between the fund itself and the fund's earnings.

The Alaska Constitution dictates that at least 25 percent of all mineral lease rentals, royalties, and bonuses be deposited in the Permanent Fund, where they can only be invested. But income from those investments can be spent. Some of it is distributed to Alaskans as dividends and some is put back into the fund to protect it from inflation. The rest goes into the Earnings Reserve Account, where it is available for appropriation by the Legislature.

Wilken's proposal recommends using money from the Earnings Reserve Account.

"It's not robbing the Permanent Fund," he said.

In the past, the Legislature has generally reinvested the funds, and overall, more than half of all deposits to the fund's principal have been made voluntarily by the Legislature, according to Wilken.

Nevertheless, using Permanent Fund earnings to pay for state government would cut into dividends. It would reduce the amount of money available for reinvestment in the fund, which would reduce future earnings of the fund. That in turn would reduce the revenue available for dividends.

The reduction would be slim. According to the Alaska Permanent Fund Corp., which manages the fund, drawing \$250 million from the Earnings Reserve Account each year for 10 years would reduce dividend checks by almost nothing in the first year, \$2 in the second year, \$6 in the third, and more each year after that.

In the 10th year, checks would be \$89 less than they would have been without the 10 years of withdrawals. In his presentation, Wilken noted the difference was about the cost of one car tire.

And that's a lot less than the alternatives. According to Wilken, raising \$250 million a year through income tax would cost an average family of four \$1,000. Doing the same with a sales tax would cost the family \$950.

The hurdle before the bridge

In September 1999, the state held an advisory vote asking Alaskans the following question. "After paying annual dividends to residents and inflation-proofing the Permanent Fund, should a portion of Permanent Fund investment earnings be used to help balance the state budget?"

Almost 42 percent of registered voters cast ballots, and 83 percent said No.

Wilken said his proposal is different. Specifically, it would only draw Permanent Fund earnings in deficit years. (The proposal is also nonbinding — it simply establishes the use of the two funds as the state's "policy.")

"This is about managing our wealth when needed," he said.

Even so, SB 134 is unlikely to move fast. It has yet to be scheduled for a hearing in its first committee of referral, the Senate State Affairs Committee, and lawmakers back the idea with hesitation, if at all.

Dyson, Wilken's colleague in the minority, said he would rather use Permanent Fund earnings than a sales or income tax, but would do so "reluctantly." Dyson and Sen. Con Bunde, an Anchorage Republican and another minority member, are the bills only co-sponsors. Sen. Joe Thomas, a Democrat from Fairbanks and member of the Finance Committee, said he wanted to look at all potential revenue sources and get a better sense of what Alaskans thought.

Others suggest the decision is premature.

Palin's budget director, Karen Rehfeld, said last week the governor likes the idea of long-term planning but isn't ready to say whether she would support using Permanent Fund earnings to cover deficits in future years. (Palin has proposed depositing a large chunk of the earnings reserve account in the principal of the Permanent Fund.)

"Her goal is to get that gas line on so that we would not have to be in that situation," Rehfeld said.

Stedman, whose committee would have to approve Wilken's plan, said it will probably be several years before the state has to decide about additional funding sources.

"When we come to the bridge where we have that gap," he said, "then we'll have that discussion."

Meanwhile, he said, the state should ratchet back spending and use other tools to try to avoid deficits.

"Hopefully next year we'll have some good revenues," he added.

Contact staff writer Stefan Milkowski at 388-6141 or smilkowski@newsminer.com.

This article may be accessed online at <http://newsminer.com/2007/04/08/6383/>.

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Anchorage Daily News

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Time to talk finances

Legislators remind Alaskans the state needs a real fiscal plan

(Published: April 10, 2007)

Several legislators continue talking about the need for a state fiscal plan, even though most Alaskans would rather think about spring, dream about a gas line and watch for the next Permanent Fund dividend in six months.

We say thank you to those legislators; please keep it up.

Math does not lie. Unless the price of oil climbs higher and never stops, the state will face budget deficits years before any North Slope natural gas pipeline can deposit tax and royalty dollars into the state treasury. Which means Alaska needs a plan for that day, and it needs to figure something out before that day arrives.

The House two weeks ago approved legislation requiring governors to set out a plan each year that projects state revenues and expenses for the next 10 years: where the money would come from, how much would be needed for public services, and how to fill any gap between the two. It would require governors and legislators to think in advance, which is always better than panicking in the moment. Led by Anchorage Republican Rep. Mike Hawker, the House passed the measure without opposition.

Over in the Senate, there are a couple of options. Eagle River Republican Fred Dyson has a bill requiring a 15-year fiscal plan. If any plan makes it into law this year, it's more likely to be the House measure. Rep. Hawker is a member of the majority in his chamber, while Sen. Dyson is in the Senate minority. That's just the way the political cookie bakes.

The other Senate proposal comes from Fairbanks Republican Sen. Gary Wilken. It doesn't mandate a plan; instead, it proposes a specific solution for any year there is a budget deficit. It says that when oil revenues can't pay the bills, the Legislature should take equally from the state's budget reserve fund and surplus earnings of the Alaska Permanent Fund.

It's not every day you see legislators willing to put their names on a bill that would spend Permanent Fund earnings.

Yes, any notion of spending Permanent Fund earnings will set off the cries of "don't touch" and "protect the dividend." But ignoring the Permanent Fund as an option for providing public services in the future is like pretending the cost of education, road building and police services doesn't increase each year. It's irresponsible.

There is almost \$38 billion in the Permanent Fund, almost \$5 billion of that in the earnings reserve. The state has \$2.5 billion in the budget reserve account -- the proceeds of past oil and gas tax and royalty settlements, saved up for years when needed to fill budget shortfalls. With options like that, Alaska should be able to manage its finances very well.

Legislators should pass a law requiring long-term fiscal planning. And then policy makers should

present the public with options for paying the bills.

BOTTOM LINE: "Fiscal" and "plan" are honest words coming out of the Capitol.

California dreaming

In various charming places across the American West, people decry the "Californication" of their beloved locales. I can understand why they don't like a lot of rich people moving in with their fancy cars, buying big houses, driving real estate values into the stratosphere and causing traffic jams.

But here in Anchorage, I personally would welcome some Californication.

While checking out the University of California Santa Barbara with my college-bound son last month, I stumbled across a local dispute that struck my sore Anchorage eyes as wildly amusing.

An editorial in the Santa Barbara paper cried the alarm: "The canyonization of the main downtown streets is in full swing. ... (These) high-density projects will bring more people, more cars, more congestion and more air pollution."

Visions of midtown Manhattan popped into my head. But later that day, when my son and I explored downtown, we found a couple of streets lined with fancy and not-so-fancy shops and stores. Parking was easy and nary a building was higher than three stories. The threat decryd by the paper was -- gasp -- the prospect that buildings with FOUR stories might be allowed.

To the barricades, citizens! Give me three stories or give me death!

Contrast that with Anchorage, a classic case of "toadstool" downtown development. Here and there, a high-rise hotel or office building pops up, surrounded by large swaths of asphalt parking lots that sit empty outside of working hours.

Nothing makes for a deader downtown than acres and acres of parking lots. Small wonder tourists visiting Alaska don't want to spend more than a few hours when they pass through Anchorage.

We're so screwed up that our mayor, supposedly a force for progressive urban development, touts the demolition of a reasonably popular tourist business, the Alaska Experience Theater, because razing it will add 75 more parking spaces in the heart of downtown.

That's plain crazy.

What we should be doing is lowering the height limit on buildings and banning off-street parking lots downtown. If you're going to have off-street parking there, hide it inside the block, in a garage surrounded by shops, offices or housing. Cities as varied as New Orleans and West Chester, Pa., have built parking garages that I didn't even recognize as garages because their architecture blended in so well.

But Anchorage, land of the cookie-cutter site condo, would never do anything so drastic and so progressive. To think otherwise is just California dreaming.

-- Matt Zencey

GARY WILKEN
SENATOR
Fairbanks



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SPONSOR STATEMENT

Senate Bill 134 A Bridge to a Gasline - "Fill the Gap"

Senate Bill 134 reads as follows: *It is also the policy of the state that the amounts necessary to cover a projected shortfall in general fund revenue during a fiscal year be appropriated equally from the Constitutional Budget Reserve fund and the Earnings Reserve Account.* With these few words, a course of action is adopted that balances the state budget when a shortfall in general fund revenue exists.

Senate Bill 134 provides the following benefits:

- The policy is used only when needed,
- When needed, bridges the fiscal gap and puts "new" money into the economy,
- When needed, minimizes the financial impact on Alaska families,
- Doubles the life of the Constitutional Budget Reserve fund,
- Answers the call from Washington, D.C. for Alaskans to help themselves, and
- Provides Alaska with a stable and dependable long-term fiscal plan.

Senate Bill 134 affirms a policy of the state that provides fiscal certainty when the general fund revenue is insufficient to fully fund the state budget. And it does so without taking from the checkbooks of Alaska's working families through an income tax or a sales tax. And it does so without adding new taxes on those that invest in us or those that chose to visit us.

Please join me in supporting this long-term fiscal plan.

Proudly Representing the Golden Heart of Alaska



25th ALASKA STATE LEGISLATURE

SENATE REPUBLICAN CAUCUS

SENATOR GENE THERRIAULT, MINORITY LEADER
STATE CAPITOL, ROOM 427, 465-4797 (FAX 465-3884)

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SENATOR CON BUNDE
SENATOR FRED DYSON
SENATOR TOM WAGONER
SENATOR GARY WILKEN

Fact Sheet for: Senate Bill 134

Contact: Sheila Peterson, 465-3709

Bill Version: SB 134

Sponsor: Senator Gary Wilken

Short Title: FUNDING SHORTFALL POLICY

Summary:

- Adds a statement to the Executive Budget Act that "It is the policy of the state to formulate a responsible, sustainable budget on a consistent basis, given the extreme fluctuations that occur in the price of oil and mineral resources. In recognition of these unforeseeable fluctuations, it is also the policy of the state that the amounts necessary to cover a projected shortfall in general fund revenue during a fiscal year be appropriated equally from the constitutional budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska) and the earnings reserve account (AS 37.13.145).

Benefits:

- Bridges potential gaps between general fund expenditures and general fund revenues until Alaska's natural resources can be further developed.
- Fills the gap, when a shortfall exists, in a manner that minimizes the financial impact on Alaska families.
- Establishes accountability by forming a spending partnership with all voters.
- Allows Alaskans to share in the power of earnings from the reserve fund.
- Doubles the life expectancy of the Constitutional Budget Reserve fund.
- Provides fiscal certainty when general fund revenue is insufficient to fully fund the state budget.

Background:

- The annual revenue generated from taxes and royalties levied on and collected from the petroleum industry varies directly with the price of oil and the amount of oil produced in the state. Because of this uncertainty, the state will face recurring shortfalls in general fund revenue. Senate Bill 134 gives future legislatures a guideline for addressing the shortfall by specifying that half will be appropriated from the constitutional budget reserve and half from the permanent fund earnings reserve account. The \$4.7 billion earnings reserve account, which is accessible to the legislature by a majority vote, is separate and distinct from the \$32.1 billion permanent fund principal, which is constitutionally protected. Drawing equally from the constitutional budget reserve and the permanent fund earnings reserve would provide the state a "Bridge to Development" to sustain state services until a natural gas pipeline begins production.

SKILLED

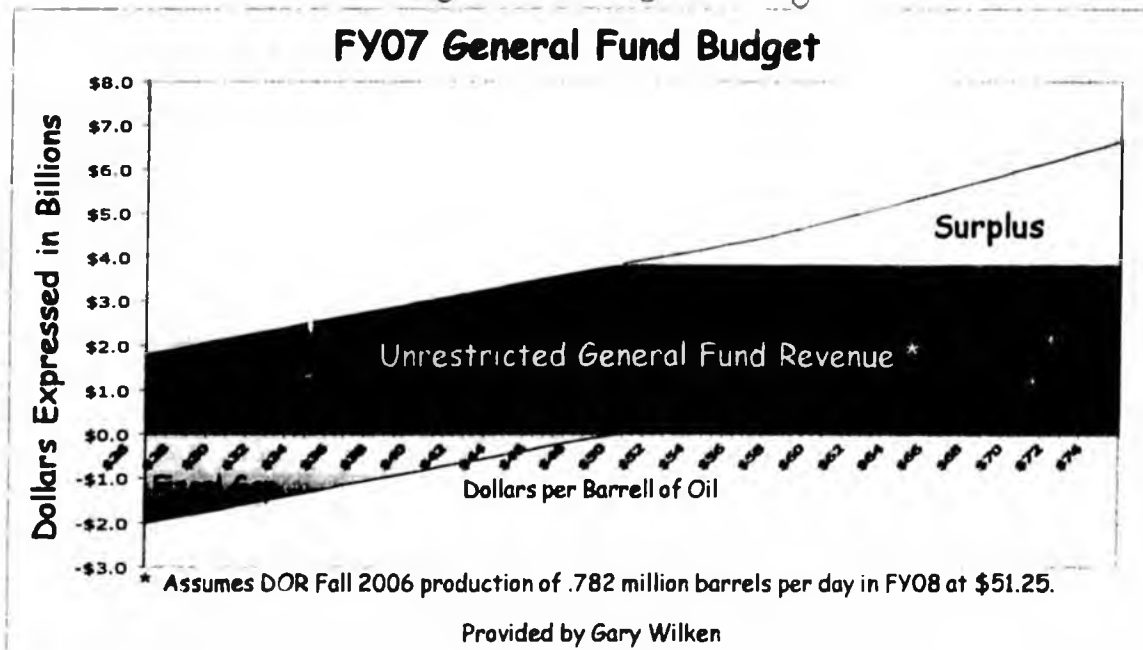
RESPONSIBLE

CONSERVATIVE

Budget Surplus/Deficit Sensitivity

Things Can Change Quickly

FY07 General Fund Budget



Effect on Alaska's Permanent Fund Dividends

How much less is my PFD if \$250 M is drawn from the ERA each year?

Fiscal Gap (millions)	ERA Draw (millions)	Fiscal Years Ahead									
		1	2	3	4	5	6	7	8	9	10
200	100	\$0	\$1	\$2	\$5	\$8	\$13	\$18	\$23	\$29	\$35
300	150	\$0	\$1	\$3	\$7	\$12	\$19	\$27	\$35	\$44	\$53
400	200	\$0	\$1	\$4	\$9	\$16	\$25	\$36	\$47	\$58	\$71
500	250	\$0	\$2	\$6	\$12	\$20	\$32	\$44	\$58	\$73	\$89
600	300	\$0	\$2	\$7	\$14	\$24	\$38	\$53	\$70	\$88	\$106
700	350	\$0	\$2	\$8	\$16	\$28	\$45	\$62	\$82	\$102	\$124
800	400	\$0	\$3	\$9	\$19	\$33	\$51	\$71	\$93	\$117	\$142
900	450	\$0	\$3	\$10	\$21	\$37	\$57	\$80	\$105	\$131	\$159
1,000	500	\$0	\$3	\$11	\$23	\$41	\$64	\$89	\$116	\$149	\$177

Differences shown are for each fiscal year, total of each row would be the cumulative effect per person

*A Bridge
to a
Gasline*

"Fill the Gap"

Senate Bill 134

A Long-term Fiscal Plan

By Gary Wilken

*Twenty-Fifth Legislature
2007*

We're listening,

Two bills work hand in hand



Senate Bill 25 (Sen. Dyson) requires the governor to look into the future



Senate Bill 134 begins the discussion of a much needed fiscal plan

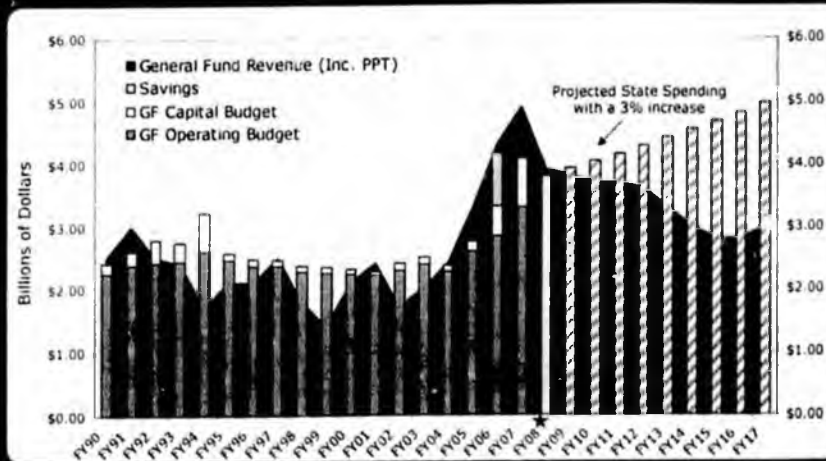
"It is the *policy* of the state to formulate a responsible, sustainable budget on a consistent basis, given the extreme fluctuations that occur in the state revenue sources.

In recognition of these fluctuations, it is the *policy* of the State of Alaska that amounts necessary to cover a projected shortfall in general fund revenue during a fiscal year be appropriated equally from the *Constitutional Budget Reserve* fund and the *Earnings Reserve Account*."

A new subsection is added to AS 37.07.010, *Executive Budget Act*

SB 134
says

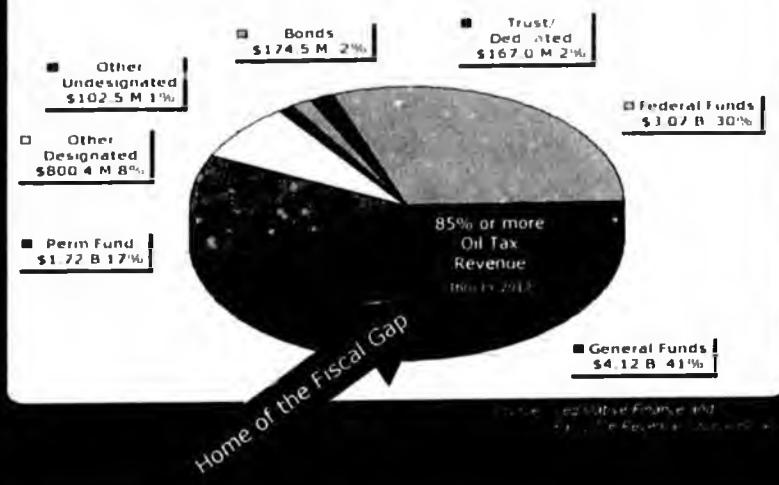
What's the problem?



Source: Legislative Finance and Management Services, 2008

... and where's the problem?

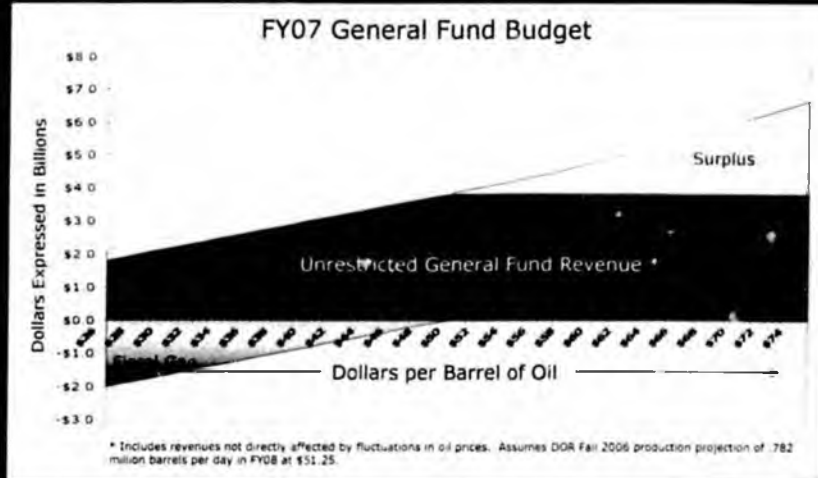
FY07 Operating & Capital Budgets - \$10.2 Billion



Source: Legislative Finance and Management Services, 2008

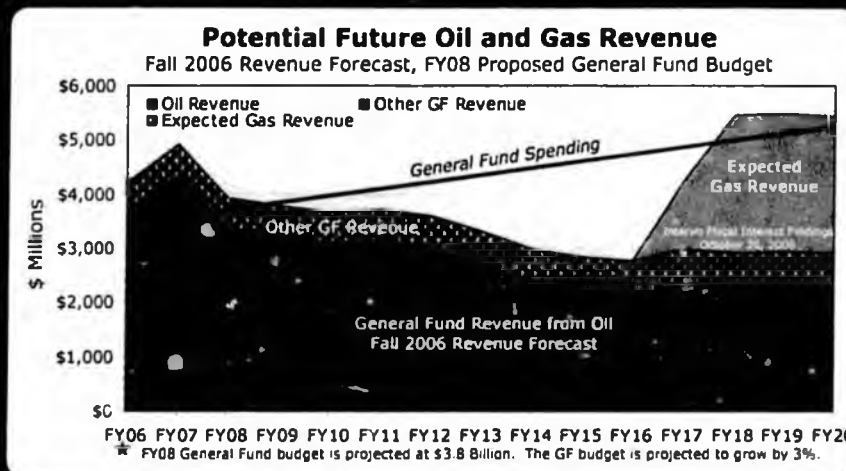
... things can change quickly

Things can change quickly

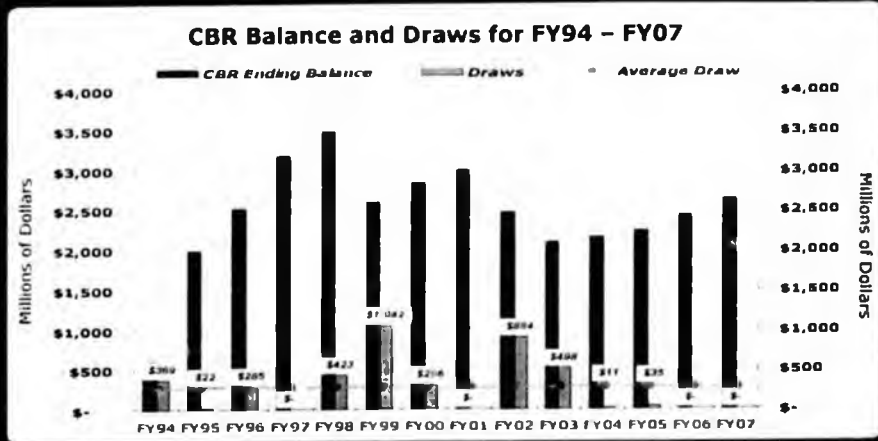


... so a bridge is needed

From today to a capsule

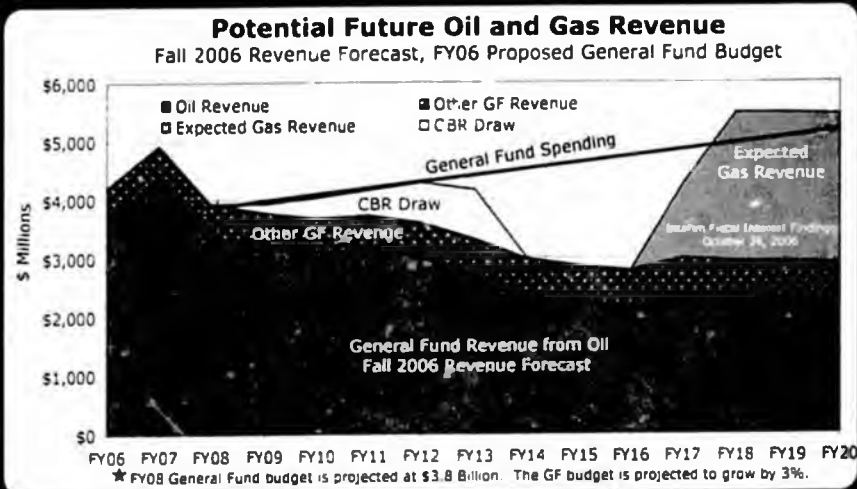


... the CBR "cushion"



- Draw 10 out of 14 years
- Average draw \$275 M
- Current balance \$2.6 B

... why not just the CBR?



Budget discipline, of course. . . But, "Just cut government" . . . ?

■ Non-essential (GF)

- Public radio/TV - \$5 M
- One Percent for Art - \$.5 M
- State Parks - \$4.5 M
- Library/Museums - \$7 M
- TOTAL - \$17 M

■ Essential (GF)

- State Troopers - \$50 M
- Road Maintenance - \$100 M
- Marine Highway - \$80 M
- Three UA Campuses - \$200 M
- TOTAL - \$430 M

Or eliminate all state employees - TOTAL - \$900 M

We just aren't going to "cut our way" out of our expected structural budget deficits.

Pots of Money to Build the Bridge



Reduce State Spending
(Save a \$, Earn a \$)

Income Tax
(\$600 M)



Corporation Tax
(\$50-\$100 M)

Permanent
Fund Earnings

\$4.7 Billion
realized
earnings

Other Revenue
Tobacco Tax, Alcohol Tax,
Excise Tax, Gas, Rental
Tax, Studded Tire Fee, etc.



Sales Tax
(\$200-\$300 M)

Alaska's Permanent Fund Dividend is \$1,200

CBR
(\$2.6 B)



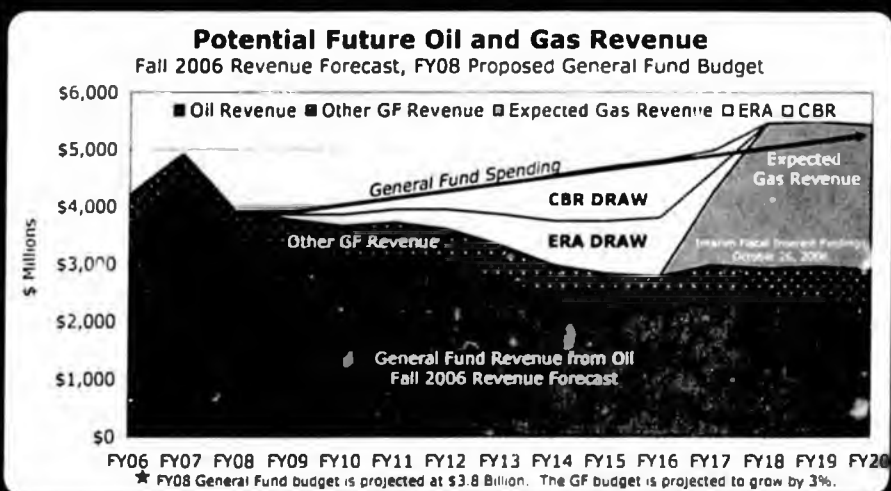
and additional Budget Revenues

... so what if ...

The Legislature fills the future fiscal gaps with equal contributions from the *Constitutional Budget Reserve* and the *Earnings Reserve Account*?

(SB 134)

... and we bridge the gap



... but can we?

**An Alaskan's
Guide to the Permanent Fund**

The Fund would help create an investment base to continually generate future income. When oil ran out, Alaska would still have a major source of state revenues. Alaskans could use these revenues to pay the costs of basic government services, or for whatever purposes future generations of Alaskans decided.

Each year, the Fund would channel a significant portion of the oil revenues away from the legislature. Less state income reduces the opportunity for excessive state spending.

The Fund would transform non-renewable oil wealth into a renewable source of wealth for future generations of Alaskans.

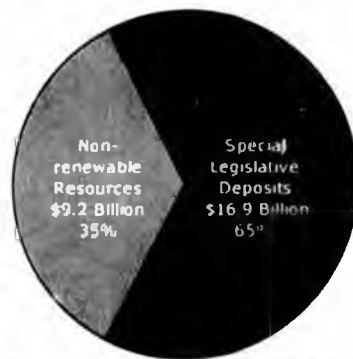
Yes, We Can!!!!

The Earnings Reserve Account (ERA), a result of wise investment of our Permanent Fund, has been and is still available to the legislature by a vote of 21 in the House and 11 in the Senate.

What's the Legislature done?

Voluntarily made 2/3 of the deposits

Deposits to the Alaska Permanent Fund



From:
GF or ERA
\$7 Billion
27%

Inflation
Proofing
\$9.9 Billion
38%



Alaska's Crown Jewels

... The Constitutional Budget Reserve fund and the Earnings Reserve Account

- Only legislature in America deciding how to manage \$40 billion for 665,000 people
- Every minute, every hour, every day, the world helps build Alaska by
 - Investing in corporate America – equities
 - Investing in America's society – real estate
 - Investing in America's future – bonds
- "We've wisely taken a one-time resource and turned it into a renewable source of wealth for current and future generations."

7.1.06 - 1.1.06
earned amount
\$734,000
per hour

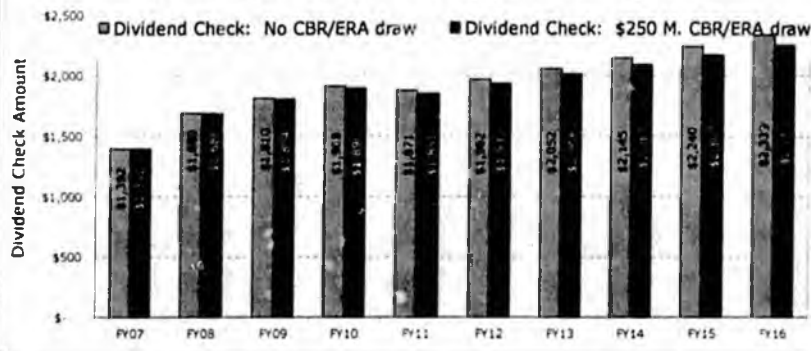
but what about my check??

How much less is my PFD if the Legislature draws \$250 M from the ERA every year for 10 years?

Fiscal Gap (millions)	ERA Draw (millions)	Fiscal Years Ahead									
		1	2	3	4	5	6	7	8	9	10
200	100	\$0	\$1	\$2	\$5	\$8	\$13	\$18	\$23	\$29	\$35
300	150	\$0	\$1	\$3	\$7	\$12	\$19	\$27	\$35	\$44	\$53
400	200	\$0	\$1	\$4	\$9	\$16	\$25	\$36	\$47	\$58	\$71
500	250	\$0	\$2	\$6	\$12	\$20	\$32	\$44	\$58	\$73	\$89
600	300	\$0	\$2	\$7	\$14	\$24	\$38	\$53	\$70	\$88	\$106
700	350	\$0	\$2	\$8	\$16	\$28	\$45	\$62	\$82	\$102	\$124
800	400	\$0	\$3	\$9	\$19	\$33	\$51	\$71	\$93	\$117	\$142
900	450	\$0	\$3	\$10	\$21	\$37	\$57	\$80	\$105	\$131	\$159
1,000	500	\$0	\$3	\$11	\$23	\$41	\$64	\$89	\$116	\$149	\$177

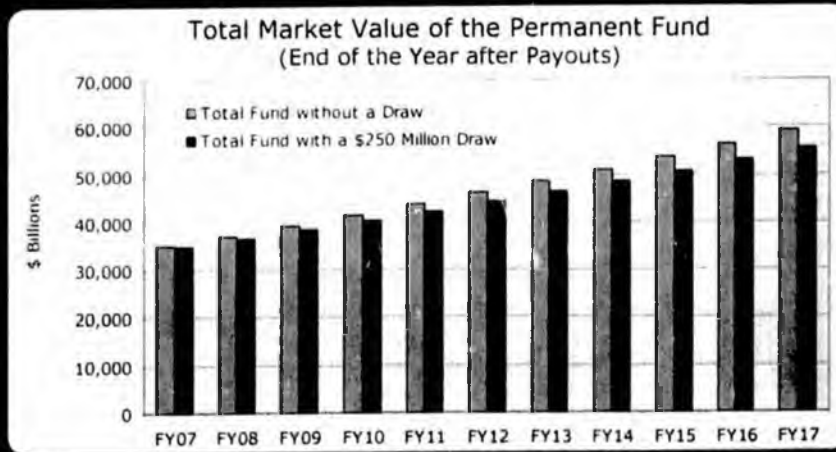
how does this compare to status quo?

How much less is my PFD if the Legislature draws \$250 M from the ERA every year for 10 years?



Answer: In FY11, it's \$20 less. In FY16, it's \$89 less.







... and the Permanent Fund?




What does this really mean?


What if we had a Permanent Fund in the Permanent Fund Reserve Account?


What if we had a Permanent Fund in the Permanent Fund Reserve Account?

Year One	Year Two	Year Three
		
Year Four	Year Five	Year Ten
		

... let's compare alternative revenue sources


Income Tax
Raise \$250 Million
Cost \$1,000
Married, Two Children
\$57,000 Adjusted Income
Alaska Department of Revenue


Sales Tax
Raise \$250 Million
Cost \$950
Married, Two Children
\$5,000 Adjusted Income
Alaska Department of Revenue






Earnings Reserve
Raise \$250 Million
Cost \$8
Married, Two Children

With the Bridge to a Gasline Plan,
all Alaskans share in the *Power of Earnings*.

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... to summarize

The Bridge to a Gasline Plan

-  Recognizes the need to continue developing Alaska's natural resources.
-  Recognizes the power of the Earnings Reserve and the Constitutional Budget Reserve—*the crown jewels of a fiscal plan*
-  Bridges Alaska's revenue needs until the gasline is completed
-  Establishes accountability by forming a spending partnership with all Alaskans

And SB 134 provides benefits . . .

- *When needed*, bridges the fiscal gap and puts "new" money into the economy,
- *When needed*, minimizes the financial impact on Alaska families,
- Doubles the life of the CBR,
- Answers the call from Washington, D.C. for Alaskans to help themselves, and
- Provides Alaska with a stable and dependable long term fiscal plan.

' Thank You!

SB

144

**SENATE COMMITTEE REPORT
First Committee of Referral**

DATE: 3/28/07

FURTHER: Finance

Date of 5-Day Notice: _____
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: _____

State Affairs Committee considered SENATE BILL NO. 144

SB 144 TOURISM CONTRACT MATCHING FUNDS

"An Act relating to matching funds in state tourism marketing contracts with trade associations."

and recommends:

- be replaced with SCS or CS SB 144 (STA)
- adopt previous SCS or CS _____ (_____)
- attached amendment(s)
- adopt _____ Letter of Intent
- further referral to _____ Committee

SENATE BILL:	
<input type="checkbox"/>	Same Title
<input checked="" type="checkbox"/>	New Title
<hr/>	
HOUSE BILL:	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	Technical Title Change
<input type="checkbox"/>	New Title w/ SCR # _____

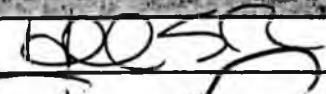
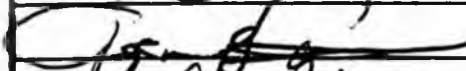

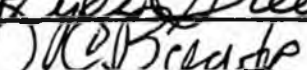
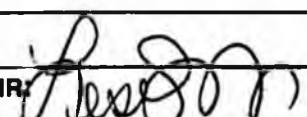
NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
CCED	09/07			<input checked="" type="checkbox"/>	

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	Do PASS	Do NOT PASS	NO REC	AMEND
	French			<input checked="" type="checkbox"/>	
	Street			<input checked="" type="checkbox"/>	
	Green			<input checked="" type="checkbox"/>	
	Blende			<input checked="" type="checkbox"/>	
CHAIR: 	Blende	<input checked="" type="checkbox"/>			

TO: Senate State Affairs Committee
FR: Chip Thoma, Box 21884, Juneau, 99802
RE: ATIA Funding Request, SB 143 & SB 144
DATE: May 8, 2007

The state funding request by the Alaska Travel Industry Association (ATIA) is a **dramatic change** from past agreements in Alaska tourism promotion. Going from a 50-50% share to a **90-10% state-industry** split is a **fiscal departure** that **should** be based on **both** demonstrated need and a logical advertising strategy for the future. Yet neither situation has occurred.

The ATIA has failed to make the case that its past state appropriations were well spent, or that increased 90-10 funding is the simple answer. Instead, the ATIA blames the cruise ship initiative as the 'probable' cause of its funding woes, **while ignoring the obvious fact that private advertising** for cruises in Alaska now tops \$70M a year. Market forces appear to be working naturally to make the ATIA irrelevant in the big picture of advertising for a \$2B a year Alaska tourism industry.

Governor Jay Hammond articulated the gold standard for state funding of industry 3 decades ago; no subsidies. **ATIA should wake up**, and use its **considerable marketing skills** to raise monies for the 50% share agreement they now enjoy, before it all dissolves in the wake of the **very wealthy cruise industry**.

Please consider these issues in deciding the **appropriate** funding level and participation rates by the state and the ATIA. Please reject SB 143 & 144 as **inappropriate levels of state tourism funding**.

Thank you for your attention to these tourism funding issues.