



Alaska State Legislature

Representative Matt Claman

November 2021 Community Council Update

Redistricting Public Comment Period — The Alaska Redistricting Board is in the process of approving new state house and senate districts for the 2022 election. The redistricting process set forth in the Alaska Constitution is designed to prevent gerrymandering—where one party or another party attempts to draw election districts in an unnatural way to favor some and disadvantage others. The process for redistricting is ongoing.

You may provide public testimony via email at testimony@akredistrict.org or by [webform](#) until the board selects the final map on **November 10, 2021**. Interactive maps and PDF files for all plans [have been posted to the map gallery](#).

End of Fourth Special Session — This year, the governor called the legislature back repeatedly for special sessions to address issues that have already been discussed, debated, and resolved. The House has continued to hold committee hearings on legislation related to the some of the recommendations from the bipartisan [Fiscal Policy Working Group](#). We have heard bills related to the permanent fund dividend, spending limits, and new revenue measures. In their report, the working group agreed that [a long-term plan to resolve Alaska's budget challenges is multi-faceted](#). Their recommendations include new revenue for state government, although there is no agreement about how much revenue is needed or the type of revenue (income tax, sales tax, oil tax, or other tax). As we continue these important discussions, Alaskans will eventually be asked to choose between taxes or dividends.

This current fiscal year (FY22) will be the ninth straight year of using savings to balance our budget. We will have less than \$1 billion left in our reserve accounts by the end of this fiscal year. The governor's proposed FY22 budget would have left us with a \$2 billion deficit. The governor proposed funding his budget by drawing twice the statutory amount allowed from the Permanent Fund Earnings Reserve ("ERA"). As the Permanent Fund's investment earnings now account for over 70% of the state revenue, it is imperative that we protect the fund for years to come. In 2018, the legislature passed SB 26, which established a sustainable annual withdrawal—called the percent of market value or "POMV" draw—from the ERA to ensure that Alaska's last savings account is available to fund essential government services for future generations. Overdrawing the ERA is not a sustainable solution to Alaska's financial challenges. Even the governor recognizes that overdrawing the Permanent Fund, continuing to pay statutory dividends, and not raising substantial new revenue (taxes) is not a sustainable fiscal plan. In his December 2020 10-year fiscal plan, he proposed approximately \$1 billion in new revenue in FY23. But he has not provided the legislature with specifics on how he plans to raise this revenue. The governor later suggested that new revenue is not necessary to continue paying large dividends, but most analysts are skeptical about the later suggestion.