

## **DISCUSSION DOCUMENT**

### **DRAFT Resolution, Alaska Fiscal Situation, Chugiak Community Council, January 2016**

Whereas, Alaskans are currently facing the largest state budget shortfall in Alaska's history, currently estimated at \$3.8 billion, primarily due to the recent precipitous and unexpected decline in the price of oil;

Whereas, in addition to oil price decline, falling oil production on state lands is such that even with price recovery, state oil revenue will be increasingly insufficient to pay for the public services that state government provides;

Whereas, state budget cuts, though important and necessary, are alone completely insufficient to address either the short-term budget gap or long-term fiscal sustainability;

Whereas, the income-producing potential of the Constitutional Budget Reserve is at risk of being largely eroded by inaction this year, eliminating an important part of a solution and threatening to take more money out of the pockets of individual Alaskans;

Whereas continued inaction could result in the same fate for the Permanent Fund Earnings Reserve, thereby eliminating the dividend for Alaskans in just a few years and further increasing the potential tax burden to individual Alaskans, and beginning to risk the Permanent Fund corpus;

Whereas these income-producing savings accounts took over a generation to build during a time of high oil production and cannot be replenished under any foreseeable scenario as oil production declines, and therefore represent a once -in-a-lifetime opportunity to minimize the cost of public services to Alaskans over the long term;

Whereas, this fiscal situation, if unresolved immediately, could quickly become a fiscal crisis threatening the economic vitality and the wellbeing of Chugiak, our residents, our businesses, and Alaska as a whole, including future generations of Alaskans;

THEREFORE BE IT RESOLVED, that the Chugiak Community Council calls upon its legislative representatives specifically and the State Legislature of Alaska as a whole to take immediate action by passing a comprehensive fiscal package this session, including new revenues in addition to budget cuts, in order to stabilize the state's fiscal situation and reduce our reliance on oil;

BE IT FURTHER RESOLVED the Council believes the impact of new revenue for public services should be equitably distributed among Alaskans as well as draw on the resources of non-Alaskans who benefit from Alaska's public services and resources whether they be visitors, out-of-state workers, or out-of-state corporations and shareholders. Though all Alaskans must

contribute to a solution, the suite of chosen revenue measures must ensure that the impact is proportional to means for any given Alaskan;

BE IT FURTHER RESOLVED the Council believes that budget cuts are a necessary and desirable part of the solution, but that cuts should not be so deep or severe as to risk our unique Alaskan ways of life, the vitality and wellbeing of our communities, and the jobs and livelihoods of Alaskans by gutting important public services and driving the state into severe recession. The Council rejects an emphasis on deep budget cuts as an excuse for inaction regarding new revenue.

BE IT FURTHER RESOLVED that though the Council views stabilization of the fiscal situation and the protection of the long-term income-producing power of our combined reserve and permanent funds as the highest priority this legislative session, the Council recognizes that a truly balanced, long-term fiscal solution will require work beyond this session and must engage Alaskans in a prioritization of our goals as a state. Only through clear vision and prioritization can we develop state government and restrained state spending that truly reflects the values, needs and aspirations of Alaskans today and in the future. We call upon state leaders to engage Alaskans in such a process.