



Support a Long-Term Fiscal Plan for the State of Alaska

Position Statement

The Greater Fairbanks Chamber of Commerce supports the Alaska State Legislature's efforts to balance the State's budget using a "safe landing" approach. While progress has been made with spending, a long-term solution must be implemented. The Chamber supports legislation that

- 1) utilizes earnings from the permanent fund, which will include dollars not currently circulating in our economy;
- 2) makes government more efficient by changing the cost structure of government at all levels; and
- 3) secures the long-term future of the State by encouraging resource development.

The Chamber does not support taxes at this time, especially narrowly defined taxation targeting specific industries.

Action Required

Safe Landing Approach

A "safe landing" approach to solve the budget crisis means cutting expenses and increasing revenues gradually each year until the budget is balanced. This approach minimizes the effects on the economy and reduces the risk for job losses.

Permanent Fund

The State of Alaska must use permanent fund earnings as a source of revenue for the general fund in a manner that can be sustained in perpetuity. To use a portion of the earnings of the fund is part of the fund's original intent. Implementation of this solution is consistent with the "safe landing" approach; some earnings of the permanent fund are not distributed as dividends or used for inflation proofing and, therefore, not circulating in the economy. These earnings should be part of the long-term solution. To fill the deficit with dollars not currently circulating in the economy will save jobs and boost overall economic health.

Make Government Efficient

The cost structure of the Alaska State Government must change so that services can be provided more efficiently. In this regard, all solutions should be on the table including pensions and healthcare. This means negotiating with employees and unions to reduce payroll costs and benefits because individuals and organizations in the private sector should not be the only entities to experience pay cuts. Lower priority programs can be eliminated, regulations that require redundant activities should be repealed, and statutes and formulas that direct funding should be reviewed.

Develop Alaska's Resources

The State of Alaska must have a long-term view of the future, and plan beyond the budget gap. The legislature must focus on ways to help private investors to bring Alaska's oil, minerals, and timber into production, thereby creating jobs that will support Alaskans. There must be incentives to find oil and develop resources; disincentives, like unreasonable taxation for short term tax revenues, must be eliminated.

No Additional Taxes

Additional taxes are a last resort for funding government, and the Chamber does not support new taxes at this time. Although the time may come when implementing a broad based tax will likely be necessary.