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## **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 and structure of government at all levels;
- 3) Secures the long-term future of the State by encouraging resource development and business-friendly practices; and
- 4) Includes passage of an appropriate and timely capital budget.

The Chamber does not support new 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 enacted percent-of-market-value (POMV) legislation in 2018 to use permanent fund earnings as a source of revenue for the general fund in a manner that can be sustained in perpetuity. Implementation of this solution is consistent with the "safe landing" approach. The Chamber supports legislation that defines the allocation of earnings between dividends, general fund, and inflation-proofing. This will allow for more reliable budget forecasting.

#### **Make Government Efficient**

The cost and structure of the Alaska State Government must be revised so that services are provided more efficiently. In this regard, all solutions should be on the table. Lower priority programs can be eliminated, regulations that require redundant activities should be repealed, and statutes and formulas that direct funding should be reviewed. Funding that leverages federal dollars for capital projects should be prioritized.

#### **Develop a Strong Business Environment**

The State of Alaska must have a long-term view of the future, and plan beyond the budget gap. To create jobs for Alaskans, the legislature must focus on ways to encourage private investors in all sectors; bring Alaska's oil, minerals, and timber into production; and diversify employment opportunities available within the state.

#### **No Additional Taxes**

Additional taxes are a last resort for funding Alaska state government. The Chamber does not support new taxes at this time, although the time may come when implementing a broad based tax will become necessary.