



ADVOCATE. PROMOTE. DEVELOP.

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 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) Allows UAF to maintain its current role as an economic driver vital to the success of our community and the state of Alaska;
- 3) Makes government more efficient by changing the cost and structure of government at all levels;
- 4) Secures the long-term future of the state by encouraging resource development and business-friendly practices; and
- 5) 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 gradually and increasing revenues each year by broadening the economy through developing and maintaining a strong business environment. This approach minimizes negative effects on the economy and reduces the risk for job losses.

The proposed FY20 budget not only creates negative impacts, it will result in a drastic reduction of our entire economy. Cumulative local impacts of the budget as proposed include more than 1000 expected job losses, compounding stresses on the healthcare system, increased burden on local tax payers, and many more unintended consequences.

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. POMV allows for both reasonable dividends and desired state services. For long-term budget and fiscal planning, the Legislature needs to establish a formula in statute to allocate the 5.25% POMV amongst government services, PFD payments to individuals, and inflation proofing. The Chamber opposes dividend payments for past years at this time.

Support for University of Alaska Fairbanks

The Chamber supports, at a minimum, funding the university at the level of the FY19 budget. UAF is a significant economic driver in our community in terms of jobs, feeding our local talent pipeline, and increasing Arctic research and opportunities. UA has worked through a strategic plan for the past 4 years resulting in methodical and responsible cuts resulting in significant reductions in spending and jobs.

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

We believe continued downward pressure on state expenditures is appropriate. 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.