

The eye between storms

THE CAPITOL IS A QUIET PLACE these days—tourists roam the halls and a handful staffers toil away on end-of-session newsletters and interrim projects. “off the record” will quiet down too, moving to a bi-monthly format. I’ll report on budget impacts, the looming advisory vote on a long-term plan, research and legislation projects, and whatever news pops up on Alaska’s lively political scene. I’ve enjoyed writing this newsletter every week, and appreciate your comments, criticisms, and kudos—please keep them coming. And if you find yourself near the capitol, stop by room 504—myself and my staff will be happy to hear what you thought of this session, and what you expect for the next.



**capital
move
pulse**

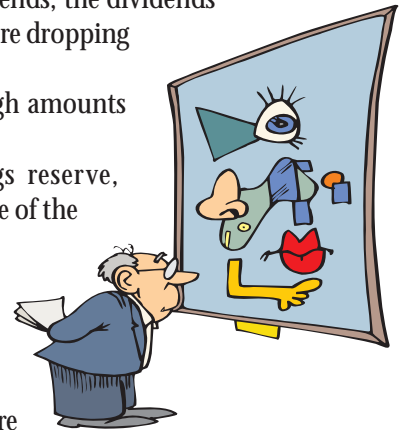
Thankfully, the few capitol move murmurs this session were drowned out by the storm of budget controversy. We’ll be listening closely for any movement on Rokeberg’s HB234 or other threats to our fair, soggy city.

Long-range budget plan reflects art of the possible

IF LEGISLATIVE LONG-RANGE BUDGETERS practiced an art form, it could be said a majority of the members of the Twenty-first Alaska State Legislature tilt toward the Picasso style: ultimately, the budget context is there even if the dimensions and form are somewhat skewed.

Not many of my colleagues in the Senate or the House claim that this long-range budget composition is perfect. Many of us would-be budget artists are from different art ‘schools’. But the budget canvas that passed the legislature in the special session cobbled together enough elements, shades of meaning, and bold strokes to complete a long-range budget picture a majority of legislators could buy. The essential elements of this long-range budget treatment include:

- 1) future limits on permanent fund dividends, the dividends grow to over \$1,700 this year and next before dropping to about \$1,340;
- 2) continued spending reductions, though amounts and targets are not specified;
- 3) using the permanent fund earnings reserve, constitutional budget reserve, and principle of the permanent fund as an endowment;
- 4) tapping half the annual receipts from the endowment for dividends and the other half for essential government services; and
- 5) calculating endowment receipts to ensure inflation proofing continues.

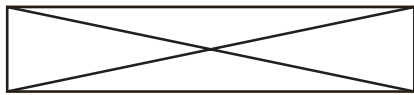


Now, this budget canvas will be hung for the real art critics—Alaska voters who either buy the proposal or pan it at a special election September 14. If enough Alaskans like the picture, the legislature will implement it through statute. If critics turn thumbs down at the polling booth, the legislature starts painting all over again next January.

This artful plan almost ended up in the legislative attic to fade away over the interim. Most legislators came to work last Tuesday morning, the fifth and last day of the special session, armed with swords instead of paintbrushes. But the governor called a small and discreet group of Democrat and Republican solons into his conference room for a final paint-by-numbers session. The numbers, of course, came

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Capitol Undercurrents



Permanent fun lottery

Here's the text of a public opinion message sent to all 60 legislators: "Generate money with a permanent fund lottery. Alaskans voluntarily contribute 10 percent of dividends to enter 12 monthly drawings for \$1 million each. Everyone's chances are equal. No forced participation. Children's winnings escrowed until adulthood. Bible endorses fair lottery (Acts 1:26). I receive first million for creating the idea."

Never come 11

Through the regular session, Senate President Drue Pearce said there would be no long-range financial plan if she couldn't get 11 Republican votes for it in her 15-member majority caucus. She reiterated that 11-vote goal in an end-of-the-regular session news conference. By the third day of the special session, she abandoned that goal. She never could get more than 10 GOP votes. Democrats were invited to the table and she locked five of her most conservative (and most recalcitrant) members out of the final negotiations. Her flock of nine other Republicans began meeting in majority leader Jerry Mackie's office with door locked instead of in the usual second-floor caucus room.

TV face time

Three of the GOP senators locked out of Sen. Mackie's office in the final days of the special session, created television opportunities for themselves while the non-terminator portion of their caucus was crafting a long-range plan. In a painfully self-congratulatory atmosphere, Sen. Robin Taylor convened a Judiciary Committee meeting to discuss a constitutional spending limit proposal that the House leadership and most other senators were busy crossing out of the long-range plan. Ringmaster Taylor coordinated the self-congratulatory discussion on the fruitless plan with Sens. Jerry Ward and Dave Donley for the benefit of the Gavel-to-Gavel audience. Thankfully, the camera panned the room occasionally to show rows of empty chairs.

Sen. Green sees red

The senator from Mat-Su, Lyda Green, told colleagues on the floor of the Senate last week that my newsletter from last week crossed the line when it described the long-range budget factions within the Senate majority as Pentecostals, Zen practitioners and agnostics. Certainly belittling any who subscribe to these beliefs was not my intent. I feel compelled to report this week that the Pentecostals prevailed in the adoption of a plan that avoids the sins of undisciplined spending by tithing a portion of the PFDs.

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from the stacks of budget spreadsheets.

Sen. Johnny Ellis and I represented the Senate Democrats. He sat at one end of the table with a few of the leaders from both legislative branches working on ballot language, while I sat at the other end with a few other leaders working on language codifying the elements of the plan in a joint legislative resolution. The governor held the easel to facilitate the process.

The drafts from these sessions were unveiled to majority and minority members in both houses in meetings throughout the capitol early Tuesday afternoon. By six in the evening the result was mounted and framed with passage in the Senate by a margin of 12-7 and approval in the House by a margin of 31-5.

I voted for the advisory vote bill and the resolution because it clearly was the best we could get. I am disappointed that additional long-range revenues to close the gap focus exclusively on capping dividends. As I've said before, I believe a mix of special and general taxes should also be considered to mitigate the draw on PFDs. Focusing only on dividends means only Alaskans pay and they will pay based on the size of their families (a family of four pays twice as much as a family of two), not the size of their family paychecks.

But taxes weren't even on the Republican leadership's palette. Earlier proposals that mentioned a motor fuel tax, taxes on rental cars, school head taxes, and tourism taxes were scraped off the budget canvas by the majority caucuses earlier in the regular session.

While this Picasso-like work is not my favorite long-range budget picture, I did vote to pass the legislation necessary to put it on the ballot. The September 14 special election allows Alaskans to now participate in the debate over a budget plan. The critical analysis of each element in the picture moves now from the rarified studio in the capitol to the public galleries in each city and village in Alaska. The final brush strokes applied to a long-range budget plan by elected officials — politicians — will be reviewed by Alaskans who will have to buy, and ultimately live with, the picture we've painted. Now our toughest critics will have their say.

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